

September 17, 2004

HAND DELIVERED

Ms. Elizabeth O'Donnell
Executive Director
Public Service Commission
211 Sower Boulevard
Frankfort, KY 40602

Case 2004-00372

RECEIVED

SEP 17 2004

PUBLIC SERVICE
COMMISSION

Re: Pass-through of East Kentucky Power Cooperative, Inc.
Environmental Surcharge

Dear Ms. O'Donnell:

Please find enclosed for filing with the Commission an original and ten copies of the Joint Application of the East Kentucky Power Cooperative, Inc., ("EKPC") member distribution systems, Big Sandy RECC, Blue Grass Energy Cooperative Corporation, Clark Energy Cooperative, Cumberland Valley Electric, Farmers RECC, Fleming-Mason Energy, Grayson RECC, Inter-County Energy Cooperative, Jackson Energy Cooperative, Licking Valley RECC, Nolin RECC, Owen Electric Cooperative, Salt River Electric, Shelby Energy Cooperative, South Kentucky RECC and Taylor County RECC, for Authority to Pass Through the EKPC Environmental Surcharge which may be approved in PSC Case No. 2004-00321.

Very truly yours,

A handwritten signature in black ink that reads 'Charles A. Lile'.

Charles A. Lile
Senior Corporate Counsel

Cc: Member Systems

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

SEP 17 2004

PUBLIC SERVICE
COMMISSION

In the Matter of:

THE APPLICATION OF BIG SANDY RECC,)
BLUE GRASS EC, CLARK EC, CUMBERLAND)
VALLEY ELECTRIC, FARMERS RECC,)
FLEMING-MASON ENERGY, GRAYSON RECC,)
INTER-COUNTY EC, JACKSON EC, LICKING)
VALLEY RECC, NOLIN RECC, OWEN EC, SALT) CASE NO. 2004-00372
RIVER ELECTRIC, SHELBY EC, SOUTH)
KENTUCKY RECC, AND TAYLOR COUNTY RECC)
FOR AUTHORITY TO PASS THROUGH THE)
ENVIRONMENTAL SURCHARGE OF EAST)
KENTUCKY POWER COOPERATIVE, INC.)

APPLICATION

1. Applicants, Big Sandy RECC, Blue Grass Energy Cooperative Corporation, Clark Energy Cooperative, Cumberland Valley Electric, Farmers RECC, Fleming-Mason Energy, Grayson RECC, Inter-County Energy Cooperative, Jackson Energy Cooperative, Licking Valley RECC, Nolin RECC, Owen Electric Cooperative, Salt River Electric, Shelby Energy Cooperative, South Kentucky RECC and Taylor County RECC, (the "Joint Applicants") hereby file this joint Application with the Kentucky Public Service Commission (the "Commission") for authority to pass through to their retail customers any wholesale environmental surcharge of East Kentucky Power Cooperative, Inc., ("EKPC") which is approved in PSC Case No. 2004-00321.

2. This Application is made pursuant to KRS §278.183 and related sections.

3. A listing of the business addresses of the Joint Applicants, all of which are distribution cooperative members of EKPC, is attached hereto as Joint Application Exhibit 1.

4. Attached as Joint Application Exhibit 2 is a listing of cases wherein the Joint Applicants previously filed their articles of incorporation with the Commission. For those Joint Applicants not included on that list, copies of current articles of incorporation are attached as Joint Application Exhibits 2 (a)-(f).

5. Copies of Board Resolutions of the Joint Applicants approving the filing of this joint Application are attached hereto as Joint Application Exhibit 3 (a)-(p).

6. EKPC is filing an Application with the Commission in PSC Case No. 2004-00321, simultaneous with the filing of this Joint Application, seeking approval of an environmental compliance plan and authority to implement a wholesale environmental surcharge. The Joint Applicants hereby incorporate by reference all information in EKPC's said Application as a part of this Joint Application.

7. The Joint Applicants propose to pass through EKPC's wholesale environmental surcharge under the procedures discussed in the Prepared Testimony of William A. Bosta on behalf of EKPC, designated as Applicant's Exhibit 7 in the Application in Case No. 2004-00321. Attached hereto as Joint Application Exhibits 4 (a)-(p) are proposed tariff sheets for each Joint Applicant which contain terms for such pass-throughs of EKPC's environmental surcharge to retail customers.

WHEREFORE, The Joint Applicants respectfully request the Commission to approve the proposed procedures for the pass-through of the East Kentucky Power Cooperative, Inc., environmental surcharge to their retail electric consumers, effective for service rendered beginning April 1, 2005.

Respectfully submitted,

DALE W. HENLEY

A handwritten signature in black ink, appearing to read "Charles A. Lile". The signature is fluid and cursive, written over the printed name below it.

CHARLES A. LILE

ATTORNEYS FOR EAST KENTUCKY
POWER COOPERATIVE, INC.

P. O. BOX 707

WINCHESTER, KY 40392-0707

(606) 744-4812

Representing the Joint Applicants

(EnvSchgPassApp)

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1	List of Business Addresses for Joint Applicants
2	List of Articles of Incorporation Filed with the Commission by Joint Applicants
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Joint Application Exhibit 1

MR BOBBY SEXTON.
PRESIDENT AND GENERAL MANAGER
BIG SANDY RECC
504 ELEVENTH STREET
PAINTSVILLE KY 41240-1422

MR OVERT L CARROLL
PRESIDENT AND CEO
CLARK ENERGY COOPERATIVE INC
P O BOX 748
WINCHESTER KY 40392-0748

MR JACKIE B BROWNING
PRESIDENT AND CEO
FARMERS RECC
P O BOX 1298
GLASGOW KY 42142-1298

MS CAROL HALL FRALEY
PRESIDENT AND CEO
GRAYSON RECC
109 BAGBY PARK
GRAYSON KY 41143

MR DONALD SCHAEFER
PRESIDENT AND CEO
JACKSON ENERGY COOPERATIVE
P O BOX 307
MCKEE KY 40447

MR MICHAEL L MILLER
PRESIDENT AND CEO
NOLIN RECC
411 RING ROAD
ELIZABETHTOWN KY 42701-6767

MR. J. LARRY HICKS
PRESIDENT AND CEO
SALT RIVER ELECTRIC COOPERATIVE CORP
P O BOX 609
BARDSTOWN KY 40004-0609

MR ALLEN ANDERSON
HEAD COACH AND CEO
SOUTH KENTUCKY RECC
P O BOX 910
SOMERSET KY 42502

MR DAN BREWER
PRESIDENT/CEO
BLUE GRASS ENERGY COOPERATIVE CORP
P O BOX 990
NICHOLASVILLE KY 40340-0990

MR TED HAMPTON
MANAGER
CUMBERLAND VALLEY ELECTRIC
P O BOX 440
GRAY KY 40734

MR ANTHONY P OVERBEY
PRESIDENT AND CEO
FLEMING-MASON ENERGY COOPERATIVE
P O DRAWER 328
FLEMINGSBURG KY 41041

MR JIM JACOBUS
PRESIDENT AND CEO
INTER-COUNTY ENERGY COOPERATIVE CORP
P O BOX 87
DANVILLE KY 40423-0087

MR BILL DUNCAN
GENERAL MANAGER/CEO
LICKING VALLEY RECC
P O BOX 605
WEST LIBERTY KY 41472

MR ROBERT M MARSHALL
PRESIDENT/CEO
OWEN ELECTRIC COOPERATIVE
P O BOX 400
OWENTON KY 40359-0400

MR DUDLEY BOTTOM JR.
PRESIDENT AND CEO
SHELBY ENERGY COOPERATIVE INC
620 OLD FINCHVILLE ROAD
SHELBYVILLE KY 40065-1714

MR BARRY L MYERS
MANAGER
TAYLOR COUNTY RECC
P O BOX 100
CAMPBELLSVILLE KY 42719

**EAST KENTUCKY POWER COOPERATIVE, INC.
ENVIRONMENTAL SURCHARGE – JOINT FILING**

JOINT APPLICANT	ARTICLES/ AMENDMENTS PSC CASE NOS.	ARTICLES/ AMENDMENTS ATTACHED
Big Sandy Rural Electric Cooperative Corporation	1992-496	
Blue Grass Energy Cooperative Corporation	2001-246	
Clark Energy Cooperative	Articles - 1992-219 Amend - 2000-529	
Cumberland Valley Electric		Attached
Farmers Rural Electric Cooperative Corporation	2003-298	
Fleming-Mason Energy		Attached
Grayson Rural Electric Cooperative Corporation	1998-455	
Inter-County Energy Cooperative	2003-353	Attached
Jackson Energy Cooperative	Articles - 1992-496 Amend - 2001-023	
Licking Valley Rural Electric Cooperative Corporation		Attached
Nolin Rural Electric Cooperative Corporation	1993-324	
Owen Electric Cooperative	Articles - 1990-166 Amend - 1992-064	
Salt River Electric	1992-560	Attached
Shelby Energy Cooperative		Attached
South Kentucky Rural Electric Cooperative Corporation	1996-109	
Taylor County Rural Electric Cooperative Corporation	1992-080	

ARTICLES OF INCORPORATION OF CUMBERLAND VALLEY ELECTRIC, INC.

The incorporators whose names are hereunto signed, being natural persons and citizens of the Commonwealth of Kentucky, have executed these articles of incorporation for the purpose of forming a cooperative corporation not organized for pecuniary profit pursuant to the "Rural Electric Cooperative Corporation Act" which was passed by the General Assembly of Kentucky at Special Session, 1936, and approved on January 18, 1937, in accordance with the following provisions:

ARTICLE I

The name of the Corporation shall be "Cumberland Valley Electric, Inc."

ARTICLE II

The purpose for which the Corporation is organized is to produce, transmit, distribute, furnish, supply or sell electric energy to its members and non-members to the extent permitted by Kentucky law, and to engage in the transaction of any and all lawful activities authorized for Kentucky corporations pursuant to Kentucky law.

ARTICLE III

The principal office of the Corporation shall be located at Gray, in the County of Knox, Commonwealth of Kentucky.

ARTICLE IV

The operations of the Corporation are to be conducted in the counties of Bell, Knox, Whitley, Harlan and Letcher, and in such other counties as such operations may from time to time become necessary or desirable in the interest of this corporation or of its members.

ARTICLE V

The number of directors of the Corporation shall be not less than five (5) nor more than eleven (11). Unless otherwise provided in the bylaws, the number of directors shall be seven (7).

ARTICLE VI

The names and post office address of the directors who are to manage the affairs of the Corporation until the first annual meeting of the members or until their successors shall have been elected and shall have qualified, are:

NAME	POST OFFICE ADDRESS
D.W. Howard	Pineville, Kentucky
A.L.P. Corder	Cumberland, Kentucky
H.C. Creech	Pine Mountain, Kentucky
Lawrence West	Barbourville, Kentucky
James C. Bright	Bailey Switch, Kentucky
J.W. Prewitt	Corbin, Kentucky
F.A. Mayfield	Corbin, Kentucky Route 2

ARTICLE VII

The duration of the Corporation is: perpetual.

ARTICLE VIII

Section 1. The Corporation shall have no capital stock, and the property rights and interests of each member shall be equal.

Section 2. Any person, firm, corporation or body politic may become a member in the Corporation by:

- (a) paying the membership fee specified in the bylaws;
- (b) agreeing to purchase from the Corporation electric energy as specified in the bylaws; and
- (c) agreeing to comply with and be bound by these articles of incorporation and the bylaws of the Corporation and any amendments thereto and such rules and regulations as may from time to time be adopted by the Board of Directors;

provided, however, that no person, firm, corporation or body politic shall become a member unless and until he or it has been accepted for membership by the Board of Directors or the members in the manner provided in the bylaws. No person, firm, corporation or body politic may own more than one (1) membership in the Corporation.

A husband and wife may jointly become a member and their application for a joint membership may be accepted in accordance with the foregoing provisions of this section provided the husband and wife comply jointly with the provisions of the above subdivisions (a), (b) and (c).

Section 3. Membership in the Cooperative and a certificate representing the same shall not be transferable, except as hereinafter provided, and upon the death of a member, the membership of such member shall thereupon terminate and the certificate of membership of such member shall be surrendered forthwith to the Cooperative. Nothing in this section shall relieve the Cooperative of its patronage capital obligations as provided in the bylaws.

Section 4. Except as provided in the bylaws each member shall be entitled to one (1) vote and no more upon each matter submitted to a vote at a meeting of the members. At all meetings of the members at which a quorum is present, all questions shall be decided by a vote of majority of the members voting thereon in person or by proxy, except as otherwise provided by law, or these articles of incorporation. No proxy shall be valid after sixty (60) days from the date of its execution, and the persons so appointed may not vote at any meeting other than the one designated in the proxy or any adjournment or adjournments of such meeting. No person shall vote as proxy for more than three (3) members

at any meeting of the members except upon the question of amendment of the Articles of Incorporation or to increase the number of counties in which the Corporation may operate, in either of which cases a person may hold an unlimited number of proxies. Husband and wife shall be considered a joint member and they shall jointly be entitled to one (1) vote and no more upon each matter submitted to a vote at a meeting of the members.

Section 5. The private property of the members of the Corporation shall be exempt from execution for the debts of the Corporation and no member or incorporator shall be individually liable or responsible for any debts or liabilities of the Corporation.

Section 6. The bylaws of the Corporation may be adopted and amended by the Board of Directors. Such bylaws may fix other terms and conditions upon which persons shall be admitted to and retain membership in the Corporation not inconsistent with these articles of incorporation or the Act under which the Corporation is organized.

ARTICLE IX

Section 1. The Board of Directors shall have power to make and adopt such rules and regulations not inconsistent with these articles of incorporation as it may deem advisable for the management, administration and regulation of the business and affairs of the Corporation.

Section 2. Directors of the Corporation shall be members thereof.

ARTICLE X

The Corporation may amend, alter, change or repeal any provisions contained in these articles of incorporation in the manner now or hereafter prescribed by law.

IN WITNESS WHEREOF, we hereunto subscribe our names this 8th day of July, 1940.

D.W. Howard
A.L.P. Corder
H.C. Creech
Lawrence West

James C. Bright
J.W. Prewitt
F.A. Mayfield

**ARTICLES OF AMENDMENT TO THE
ARTICLES OF INCORPORATION OF
FLEMING-MASON RURAL ELECTRIC COOPERATIVE CORPORATION**

RECEIVED & FILED

Ch 1800

JUL 17 9 53 AM '98

JOHN Y. BROWN III
SECRETARY OF STATE
OFFICE OF THE SECRETARY OF STATE
BY *[Signature]*

Pursuant to KRS 279.050, the undersigned corporation executes these articles of amendment to its articles of incorporation:

- (A) The name of the corporation is Fleming-Mason Rural Electric Cooperative Corporation.
- (B) The following amendment to the articles of incorporation was adopted by the unanimous vote of the Board of Directors and then adopted by a majority of the members present (with a quorum verified) at their annual meeting on May 13, 1998, in the manner prescribed by KRS 279.050:

ARTICLE I

The name of the Corporation shall be **Fleming-Mason Energy Cooperative, Inc.**, by which it may contract and be contracted with, sue and be sued, adopt a corporate seal and conduct its business.

(C) The above amendment was first approved by the unanimous vote of the Board of Directors and then adopted by a majority of the votes entitled to be cast by the members present at their annual meeting on May 13, 1998.

IN WITNESS WHEREOF, the president has executed these articles of amendment in triplicate originals on June 4, 1998.

[Signature]

Anthony P. Overbey, President

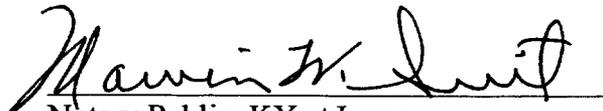
[Signature]
_____, ATTEST

Lonnie C. Vice, Secretary

STATE OF KENTUCKY

COUNTY OF FLEMING

Before me personally appeared, Anthony P. Overbey, President, and
Lonnie C. Vice, Secretary, who acknowledged that they signed the foregoing
Articles of Amendment pursuant to their authority as officers of said corporation
on this 4th day of June, 1998.


Notary Public, KY at Large

My Comm. Expires: 02/02/2000

ARTICLES OF INCORPORATION
OF
THE FLEMING-MASON RURAL ELECTRIC
COOPERATIVE CORPORATION
FLEMINGSBURG, KENTUCKY
OCTOBER 31, 1957

ARTICLES OF INCORPORATION

OF

FLEMING-MASON RURAL ELECTRIC COOPERATIVE CORPORATION

The incorporators whose names are hereunto signed, being natural persons and citizens of the Commonwealth of Kentucky, have executed these Articles of Incorporation for the purpose of forming a cooperative corporation not organized for pecuniary profit pursuant to the "Rural Electric Cooperative Corporation Act" which was passed by the General Assembly of Kentucky at Special Session, 1936, and approved on January 18, 1937, in accordance with the followings provisions:

ARTICLE I

the name of the Corporation shall be "FLEMING-MASON RURAL ELECTRIC COOPERATIVE CORPORATION".

ARTICLE II

The purpose or purposes for which the Corporation is formed are to promote and encourage the fullest possible use of electric energy in the Commonwealth of Kentucky by making electric energy available by production, transmission or distribution, or both, to or by otherwise securing the same for the inhabitants of and persons in rural areas of the Commonwealth of Kentucky at the lowest cost consistent with sound business methods and prudent management of the business of the Corporation and also by making available to the said inhabitants as aforesaid electrical devices,

equipment, wiring, appliances, fixtures and supplies and all kinds of tools, equipment and machinery (including any fixtures or property or both which may by its use be conducive to a more complete use of electricity or electric energy and, without limiting the generality of the foregoing:

(a) To generate, manufacture, purchase, acquire and accumulate electric energy for its members and non-members to the extent permitted by the Act under ^{which} the Corporation is formed and to transmit, distribute, furnish, sell and dispose of such electric energy to its members and non-members to the extent permitted by the Act under which the Corporation is formed, and to construct, erect, purchase, lease as lessee and in any manner acquire, own, hold, maintain, operate, sell, dispose of, lease as lessor, exchange and mortgage plants, buildings, works, machinery, supplies, apparatus, equipment and electric transmission and distribution lines or systems necessary, convenient or useful for carrying out and accomplishing any or all of the foregoing purposes;

(b) To acquire, own, hold, use, exercise and, ^{to pledge} to the extent permitted by the law, to sell, mortgage pledge, hypothecate and in any manner dispose of franchise, rights, privileges, licenses, rights of way and easements necessary, useful or appropriate to accomplish any or all of the purposes of the Corporation;

(c) To purchase, receive, lease as lessee, or in any other manner acquire, own, hold, maintain, use, convey, sell, lease as lessor, exchange, mortgage, pledge or otherwise dispose of any and all real and personal property or any interest therein necessary, useful or appro-

priate to enable the Corporation to accomplish any or all of its purposes;

(d) To assist its members to wire their premises and install therein electrical and plumbing appliances, fixtures, machinery, supplies, apparatus and equipment of any and all kinds and character (including, without limiting the generality of the foregoing, such as are applicable to water supply and sewage disposal) and, in connection therewith and for such purposes to purchase, acquire, sell, lease, distribute, install and repair electrical and plumbing appliances, fixtures, machinery, supplies, apparatus and equipment of any and all kinds and character (including, without limiting the generality of the foregoing, such as are applicable to water supply and sewage disposal) and to receive, acquire, endorse, pledge, guarantee, hypothecate, transfer or otherwise dispose of notes and other evidences of indebtedness and all security therefor;

(e) To borrow money, to make and issue bonds, notes and other evidences of indebtedness, secured or unsecured, for moneys borrowed or in payment for property acquired, or for any of the other objects or purposes of the Corporation; to secure the payment of such bonds, notes or other evidences of indebtedness by mortgage or mortgages, or deed or deeds of trust upon, or by the pledge of or other lien upon, any or all of the property, rights, privileges or permits of the Corporation, wherever situated, acquired or to be acquired;

(f) To do and perform, either for itself or its members, any and all acts and things, and to have and exercise any and all powers, as may be necessary or convenient to accomplish any or all

of the foregoing purposes or as may be permitted by the Act under which the Corporation is formed, and to exercise any of its powers anywhere.

ARTICLE III

The principal office of the Corporation shall be located at Flemingsburg, in the County of Fleming, Commonwealth of Kentucky.

ARTICLE IV

The operations of the Corporation are to be conducted in the Counties of Fleming and Mason and in such other counties as such operations may from time to time become necessary or desirable in the interest of this Corporation or of its members.

ARTICLE V

The number of Directors of the Corporation shall be not less than five (5) nor more than eleven (11), unless otherwise provided by the bylaws the number of Directors shall be seven (7)

ARTICLE VI

The names and post office addresses of the directors who are to manage the affairs of the Corporation until the first annual meeting of the members or until their successors shall have been elected and shall have qualified, are:

NAME

POST OFFICE ADDRESS

FRANK L. HINTON
LUTIE WHALEY
D. D. PORTER
RUSSELL ROBERSON
E. H. BRYANT
H. A. MOYERS
ALBERT DICKENS

PLUMMERS LANDING, KY.
FLEMINGSBURG, KY. R. F. D. 3
FLEMINGSBURG, KY.
MAYSLICK, KY.
TOLLESBORO, KY.
DOVER, KY.
SHARPSBURG, KY. R. F. D. 1

ARTICLE VII

The duration of the Corporation is: perpetual.

ARTICLE VIII

Section 1. The Corporation shall have no capital stock, and the property rights and interests of each member shall be equal,

Section 2. Any person, firm, corporation or body politic may become a member in the Corporation by:

- (a) paying the membership fee hereinafter specified;
 - (b) agreeing to purchase from the Corporation electric energy as herein after specified: and
 - (c) agreeing to comply with and be bound by the articles of incorporation of the Corporation and its bylaws and any amendments thereto and such rules and regulations as may from time to time be adopted by the board of directors;
- provided, however, that, no person, firm, corporation or body politic shall become a member unless and until he or it has been accepted for membership by the board of directors or the members. At each meeting of the members held subsequent to the expiration of a

period of six (6) months from the date of the incorporation of the Corporation, all applications received more than ninety (90) days prior to such meeting and which have not been accepted by the board of directors shall be submitted by the board of directors to such meeting of the members and subject to the compliance by the applicant with the conditions set forth in subdivisions (a), (b), and (c) of this section, such application for membership may be accepted by a vote of the members at such meeting. The Secretary shall give any and such applicant at least ten (10) days prior notice of the date of the members meeting to which his application will be submitted and such applicant may be present and heard at the meeting. No person, firm, corporation or body politic may own more than one (1) membership in the Corporation.

A husband and wife may jointly become a member and their application for a joint membership may be accepted in accordance with the foregoing provisions of this section provided the husband and wife comply jointly with the provisions of the above subdivisions (a), (b), and (c).

Section 3. Each member shall, as soon as electric energy shall be available, purchase from the corporation monthly not less than the minimum amount of electric energy which shall from time to time be determined by a resolution of the board of directors of the corporation and shall pay therefore, and for all additional electric energy used by such member, the rate which from time to time shall be fixed therefore by resolution of the board of directors. It is expressly understood that amounts paid for electric energy in excess of the cost of service are furnished by members as capital and each

member shall be credited with the capital so furnished as provided in these bylaws, each member shall also pay all obligations which may from time to time become due and payable by such member to the corporation as and when the same shall become due and payable.

Section 4. Each member shall be entitled to one (1) vote and no more upon each matter submitted to a vote at a meeting of the members. At all meetings of the members at which a quorum is present, all questions shall be decided by a vote of a majority of the members voting thereon in person or by proxy, except as otherwise provided by law, or these Articles of Incorporation. No proxy shall be valid after sixty (60) days from the date of its execution, and the person appointed may not vote at any meeting other than the one designated in the proxy or any adjournment or adjournments of such meeting. No person shall vote as proxy for more than three (3) members at any meeting of the members except upon the question of amendments of the Articles of Incorporation to increase the number of counties in which the Corporation may operate or on the question of mortgaging or otherwise encumbering any of the Corporation's property to secure loans made or to be made to the Corporation by the United States of America or any agency or instrumentality thereof, in either of which cases a person may hold an unlimited number of proxies. If a husband and wife hold a joint membership they shall be entitled jointly to one (1) vote and no more upon each matter submitted to a vote at a meeting of the members.

Section 5. Membership in the corporation and the certificate representing the same shall not be transferred; and upon the death, cessation of existence, expulsion or withdrawal of a member, the membership of such member shall thereupon terminate and his or its

certificates of membership shall be surrendered to the corporation. Subject to the payment of all debts and liabilities of a member to the corporation, upon the death, cessation of existence, expulsion or withdrawal of a member and the surrender of his or its membership certificate, the corporation shall pay to such member or his personal representative the amount of the membership fee paid in cash. The termination of membership by death, cessation of existence, expulsion or withdrawal shall not release the member from the debts or liabilities of such member to the corporation.

~~IX~~
ARTICLE VIII

Section 1. The Board of Directors shall have power to make and adopt such rules and regulations not inconsistent with these Articles of Incorporation or the By-Laws of the Corporation as it may deem advisable for the management, administration and regulation of the business and affairs of the Corporation.

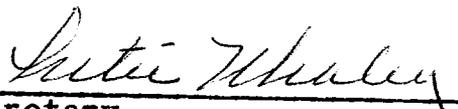
Section 2. The directors of the Corporation shall be members thereof.

ARTICLE X

The Corporation may amend, alter, change, or repeal any provisions contained in these Articles of Incorporation in the manner now or hereafter prescribed by law.

CERTIFICATE OF SECRETARY

I, the undersigned, Lutie Whaley, Secretary of the Fleming-Mason Rural Electric Cooperative Corporation, hereby certify that the foregoing is a correct counterpart of the Articles of Incorporation of the cooperative dated as of March 10, 1938 and including all amendments up to October 31, 1957.


Secretary

Compiled October 31, 1957


J. M. McIntire, Attorney
Fleming-Mason Rural Electric
Cooperative Corporation

Bylaws and Articles of Incorporation

As amended through May 21, 2001



A Touchstone Energy Cooperative 

P.O. Box 87
Danville, Kentucky 40423-0087
(859) 236-4561 • 1-888-266-7322

A Touchstone Energy Cooperative 

INTER-COUNTY ENERGY COOPERATIVE CORPORATION BYLAWS

ARTICLE I MEMBERSHIP

SECTION 1. Requirements for Membership.

1.01. Eligibility. Any natural person, firm, association, corporation, or body politic or political subdivision or agency thereof (each hereinafter referred to as "person," "applicant," "his," "him," or "her") shall be eligible to become a member of, and, at one or more premises owned or directly occupied or used by him, to receive electric service from Inter-County Energy Cooperative Corporation (hereinafter called the "Cooperative"); however, no person shall hold more than one voting membership in the Cooperative.

1.02. Application for Membership. Application for membership — where in the applicant shall agree to purchase electric power and energy from the Cooperative and be bound by and to comply with all provisions of the Cooperative's Articles of Incorporation, Bylaws, and all rules, rate schedules and regulations as they now exist or may hereafter be adopted or amended by the Board of Directors (the obligations embraced by such agreement being hereinafter called "membership obligation") — shall be made in writing on such form as is provided therefor by the Cooperative. With respect to any particular classification of service for which the Board of Directors shall require it, such application shall be accompanied by a supplemental contract, executed by the applicant on such form as is provided therefor by the Cooperative. The membership application shall be accompanied by the membership fee provided for in Section 4, together with any service security deposit, service connection deposit or fee, facility extension fee or contribution in aid of construction (hereinafter referred to as "other deposits or fees") that may be required by the Cooperative, which membership fee and other deposits or fees shall be refunded in the event the application is denied by the board.

1.03. Acceptance Into Membership. Upon complying with the requirements set forth in Section 1.02, any applicant shall automatically become a member on the date of his connection for electric service; PROVIDED, that the Board of Directors may by resolution deny an application and refuse to extend service upon its determination after due hearing if the applicant requests a hearing, that the applicant is not willing or is not able to satisfy and abide by the Cooperative's terms and conditions of membership or that such application should be denied for other good cause; PROVIDED FURTHER, that any person whose application has been denied or, for sixty (60) days or longer, has been submitted but not denied by the Board of Directors and who has not been connected by the Cooperative for electric service may, by filing written request therefor with the Cooperative at least thirty (30) days prior to the next meeting of the Board of Directors, have his application submitted to and approved or disapproved by the vote of the Directors at such meeting. Any application not denied by the Board of Directors hereunder shall be deemed to have been accepted.

1.04. Joint Membership. A husband and wife may apply for a joint membership. The words "member," "applicants," "persons," "his," "him," or "her," as used in these Bylaws, shall include a husband and wife applying for or holding a joint membership, unless clearly distinguished in the text; and all provisions relating to the rights, powers, terms, conditions, obligations, responsibilities and liabilities of membership shall apply equally, severally and jointly to them. Without limiting the generality of the foregoing:

- (a) The presence at a meeting of either or both shall constitute the presence of one member and a joint waiver of notice of the meeting, and a revocation of any proxy or mailed vote executed or mailed by either or both;
- (b) the vote of either or both shall constitute, respectively, one joint vote;
- (c) notice to, or waiver of notice signed by either or both shall constitute, respectively, a joint notice or waiver of notice;
- (d) suspension or termination in any manner of either shall constitute, respectively, suspension or termination of the joint membership;
- (e) each, but not both concurrently, shall be eligible to serve as a director of the Cooperative, but only if both meet the qualifications required therefor; and

- (f) neither will be permitted to have any additional service connections except through their one joint membership.

1.05. Conversion of Membership. Membership may be converted to a joint membership upon the written request of the holder thereof and the agreement by such holder and his or her spouse to comply with the Articles of Incorporation, Bylaws, and Rules and Regulations adopted by the board. The outstanding membership certificate shall be surrendered, and shall be reissued by the Cooperative in such manner as shall indicate the changed membership status.

Upon the death of either spouse who is a party to the joint membership, such membership shall be held solely by the survivor and capital credits provided for under Article XII, Section 2 shall be assigned to the survivor. In the event of divorce the capital credits shall be assigned in accordance with the decree of divorce. The outstanding membership certificate shall be surrendered in the event of death of the spouse or of divorce, and shall be reissued in such manner as shall indicate the changed membership status, provided however, that neither spouse, including the estate of a deceased spouse, shall be released from any debts due the Cooperative.

SECTION 2. Membership Certificates. Membership in the Cooperative shall be evidenced by a membership certificate which shall be in such form and shall contain such provision as shall be determined by the board. Such certificate shall be signed by the Chairman and by the Secretary of the Cooperative and the corporate seal shall be affixed thereto. No membership certificate shall be issued for less than the membership fee fixed in these bylaws, nor until such membership fee has been fully paid. In case a certificate is lost, destroyed, or mutilated a new certificate may be issued therefor upon such uniform terms and indemnity to the Cooperative as the board may prescribe. No membership certificate shall be transferable, except as provided in these Bylaws.

SECTION 3. Membership Fees. The membership fee shall be set by the Board of Directors. Upon payment of same the applicant shall be eligible for membership and service. Under policies of general application, membership fees may be transferred or, upon termination of the membership, refunded; provided, however, no interest on membership fees shall be paid or payable, and all debts due the Cooperative shall have been paid.

SECTION 4. Purchase of Electric Energy. The Cooperative shall use reasonable diligence to furnish its members with adequate and dependable electric service, although it cannot and therefore does not guarantee a continuous and uninterrupted supply thereof; and each member, for so long as such premises are owned or directly occupied or used by him, shall purchase from the Cooperative all electric energy used on the premises specified in his application for membership, and shall pay therefor at rates which shall from time to time be fixed by the board. It is expressly understood that amounts paid for electric energy in excess of the cost of service are furnished by the members as capital to the Cooperative and each member shall be credited with the capital so furnished (without interest) on the books of the Cooperative as provided in these Bylaws. Each member shall pay such minimum amount regardless of the amount of electric energy consumed, as shall be fixed by the board from time to time. Each member shall also pay all amounts owed by him to the Cooperative as and when the same shall become due and payable.

SECTION 5. Wiring of Premises; Responsibility Therefor; Responsibility for Meter Tampering or Bypassing and for Damage to Cooperative Properties; Extent of Cooperative Responsibility; Indemnification. Each member shall cause all premises receiving electric service pursuant to his membership to become and to remain wired in accordance with the specification of the Kentucky Fire Insurance Underwriters Association, the National Electric Code, any applicable state code or local government ordinances, and of the Cooperative. If the foregoing specifications are variant, the more exacting standards shall prevail. Each member shall be responsible for and shall indemnify the Cooperative and its employees, agents and independent contractors against death, injury, loss or damage resulting from any defect in or improper use or maintenance of such premises and all wiring and appara-

tuses connected thereto or used thereon. Each member shall make available to the Cooperative a suitable site, as determined by the Cooperative, whereon to place the Cooperative's physical facilities for the furnishing and metering of electric service and shall permit the Cooperative's authorized employees, agents and independent contractors to have access thereto safely and without interference from hostile animals or any other hostile source for meter reading, bill collecting and for inspection, maintenance, replacement, relocation, repair or disconnection of such facilities at all reasonable times. As part of the consideration for such service, each member shall be the Cooperative's bailee of such facilities and shall accordingly desist from interfering with, impairing the operation of or causing damage to such facilities, and shall use his best efforts to prevent others from so doing. Each member shall also provide such protective devices to his premises, apparatuses or meter base as the Cooperative shall from time to time require in order to protect the Cooperative's physical facilities and their operation and to prevent any interference with or damage to such facilities. In the event such facilities are interfered with, impaired in their operation or damaged by the member, or by any other person when the member's reasonable care and surveillance should have prevented such, the member shall indemnify the Cooperative and its employees, agents and independent contractors against death, injury, loss or damage resulting therefrom, including but not limited to the Cooperative's cost of repairing, replacing or relocating any such facilities and its loss, if any, of revenues resulting from the failure or defective functioning of its metering equipment. The Cooperative shall, however, in accordance with its applicable service rules and regulations, indemnify the member for any overcharges for service that may result from a malfunctioning of its metering equipment or any error occurring in the Cooperative's billing procedures. In no event shall the responsibility of the Cooperative for furnishing electric service extend beyond the point of delivery, being the point where the Cooperative's line physically connects to the member's facilities.

SECTION 6. Member to Grant Easements to Cooperative. Each member shall, upon being requested so to do by the Cooperative, execute and deliver to the Cooperative grants of easement or right-of-way over, on and under such lands owned or leased by or mortgaged to the member, and in accordance with such reasonable terms and conditions, as the Cooperative shall require for the furnishing of electric service to him or other members or for the construction, operation, maintenance or relocation of the Cooperative's electrical facilities.

SECTION 7. Termination of Membership.

- (a) **Withdrawal.** Any member may withdraw from membership upon compliance with such uniform terms and conditions as the board may prescribe.
- (b) **Suspension and Expulsion.** The board may, by the affirmative vote of not less than two-thirds of all the members of the board, expel any member who fails to comply with any of his membership obligations, including the provisions of the articles of incorporation, bylaws, or rules or regulations adopted by the board, but only as set out herein. The member shall be given written notice by the Cooperative of the obligation with which it alleges the member has failed to comply and shall be given written notice that such failure makes him liable to expulsion.

Upon his failure after the expiration of ten (10) days after such notice of noncompliance to pay any amounts due the Cooperative or to cease any other noncompliance with his membership obligations within the time limit contained in the said notice, a person's membership shall automatically be suspended; and he shall not during such suspension be entitled to receive electric service from the Cooperative or to cast a vote at any meeting of the members. Payment of all amounts due the Cooperative, including any additional charges required for such reinstatement, and/or cessation of any other noncompliance with his membership obligations within the time limit provided in such notice shall automatically reinstate the membership, in which event the member shall thereafter be entitled to receive electric service from the Cooperative and to vote at the meetings of its members.

Upon failure of a suspended member to be automatically reinstated to membership, as provided in this Section, he may, without further notice, but only after due hearing if such is requested by him, be expelled by resolution of the Board of Directors at any subsequently held regular or special meeting of the board. Any expelled member

may be reinstated by vote of the board or by vote of the members at any annual or special meeting. Nothing contained herein shall be construed to impair the right of the Cooperative to cut off service to any member for non-payment of the utility bill upon ten (10) days notice of delinquency and impending cutoff.

- (c) **Cancellation.** The membership of a member who for a period of six (6) months after service is available to him, has not purchased electrical energy from the Cooperative, or of a member who has ceased for six (6) months to purchase energy from the Cooperative may be cancelled by resolution of the board.
- (d) **Death or cessation of existence.** Upon the death of a member, or upon the dissolution of a corporate member, including a partnership, association or body politic, membership shall terminate automatically.
- (e) Upon the cancellation of a membership as herein provided, and upon the withdrawal, death, cessation of existence or expulsion of a member, the membership certificate of such member shall terminate, and the membership of such member shall be surrendered forthwith to the Cooperative. Termination of membership in any manner shall not release a member or his estate from any debts due the Cooperative.
- (f) In cases of withdrawal or termination of membership in any manner, the Cooperative shall repay to the member the amount of the membership fee paid by him, provided, however, that the Cooperative shall deduct from the amount of the membership fee the amount of debts or obligations owed by the member to the Cooperative.

ARTICLE II

RIGHTS AND LIABILITIES OF MEMBERS

SECTION 1. Property Interest of Members. Upon dissolution, after

- (a) All debts and liabilities of the Cooperative shall have been paid, and
- (b) All capital furnished through patronage shall have been retired as provided in these Bylaws, the remaining property and assets of the Cooperative shall be distributed among the members eligible under law in the proportion which the aggregate patronage of each bears to the total patronage of all members.

SECTION 2. Non-Liability for Debts of the Cooperative. The private property of the members shall be exempt from execution or other liability for the debts of the Cooperative and no member shall be liable or responsible for any debts or liabilities of the Cooperative.

ARTICLE III

MEETINGS OF MEMBERS

SECTION 1. Annual Meeting. The annual meeting of the members shall be held between the first day of May and the fifteenth day of September each year, beginning with the year 1968, at such place within one of the counties served by the Cooperative, as selected by the board and which shall be designated in the notice of the meeting, for the purpose of electing board members, passing upon reports for the previous fiscal year and transacting such other business as may come before the meeting. It shall be the responsibility of the board to make adequate plans and preparations for the annual meeting. Failure to hold an annual meeting of the members shall not work a forfeiture or dissolution of the Cooperative.

SECTION 2. Special Meetings. Special meetings of the members may be called by resolution of the board, or upon a written request signed by a majority of the board, by the Chairman, or petition signed by not less than ten per cent of all the members of the cooperative; and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as herein-after provided. Special meetings of the members may be held at any place within one of the counties served by the Cooperative as designated by the board, on such date, not sooner than thirty-five (35) days after the call for such meeting is made or a petition therefor is filed, and beginning at such hour as shall be designated by the Secretary or those calling or petitioning for the same.

SECTION 3. Notice of Members' Meetings. Written or printed notice stating the place, day and hour of the meeting, and in case of a special meeting or an annual meeting at which business requiring special notice is transacted, the purpose or purposes for which the meeting is called, shall be

delivered to each member in person or by mail not less than five (5) days nor more than forty-five (45) days before the date of the meeting. Any such notice delivered by mail may be included with member service billings or as an integral part of or with the Cooperative's monthly newsletter and/or its monthly insert, if any, in the *Kentucky Living*, and notice by mail shall be deemed to be delivered when it has been deposited in the United States mail addressed to the member at his address shown on the Cooperative's records, postage prepaid and postmarked at least five (5) days prior to the meeting date. In making such computation, the date of the meeting shall not be counted. The incidental and non-intended failure of any member to receive a notice deposited in the mail addressed to the member at his address as shown on the Cooperative's records shall not invalidate any action which may be taken by the members at any such meeting, and the attendance in person of a member at any meeting of the members shall constitute a waiver of notice of such meeting unless such attendance shall be for the express purpose of objecting to the transaction of any business, or one or more items of business, on the ground that the meeting shall not have been lawfully called or convened. Any member attending any meeting for the purpose of making such objection shall notify the Secretary or credentials and elections officer prior to or at the beginning of the meeting of his objection.

SECTION 4. Quorum. Business may not be transacted at any meeting of the members unless there are present in person at least one percent (1%) of the then-total members of the Cooperative, except that, if less than a quorum is present at any meeting, a majority of those present in person may without further notice adjourn the meeting to another time and date not less than thirty (30) days later and to any place in one of the counties in Kentucky within which the Cooperative serves; PROVIDED, that the Secretary shall notify any absent members of the time, date and place of such adjourned meeting by delivering notice thereof as provided in Section 3. At all meetings of the members, whether a quorum be present or not, the Secretary shall annex to the meeting minutes, or incorporate therein by reference, a list of those members who were registered as present in person.

SECTION 5. Voting. Each member shall be entitled to only one vote upon each matter submitted to a vote at a meeting of the members. All questions other than the election of board members, which is specially provided for in these Bylaws, shall be decided by a vote of a majority of the members voting thereon, except as otherwise provided by law or in the Articles of Incorporation or these Bylaws. Members may not cumulate their votes.

SECTION 6. Proxies. At the meetings of members, a member may vote by proxy executed in writing by the member. Such proxy shall be filed with the Secretary or credentials and elections officer or their designated agent at least 36 hours before the time of the meeting for which it is proposed to be used. No proxy shall be voted at any meeting of the members unless it shall designate the particular meeting at which it is to be voted, and no proxy shall be voted at any meeting other than the one so designated or any adjournment or adjournments of such meeting. No member shall vote as proxy for more than three (3) members at any meeting of the members except where such person is exercising a proxy in connection with the borrowing of funds from the United States of America, the National Rural Utilities Cooperative Finance Corporation, and any other Agency where mortgage arrangements can be accommodated and approved by the Rural Utilities Service, or a sale, mortgage, lease or other disposition or encumbrance of property to United States of America or any agency or instrumentality thereof, the National Rural Utilities Cooperative Finance Corporation, and any other Agency, where mortgage arrangements can be accommodated and approved by the Rural Utilities Service, or in connection with the raising of the debt limit of the Cooperative or an amendment to the Articles of Incorporation thereof. No proxy shall be valid after sixty (60) days from the date of its execution. The presence of a member at a meeting of the members shall revoke a proxy theretofore executed by him and such member shall be entitled to vote at such meeting in the same manner and with the same effect as if he had not executed a proxy.

Any mailed proxies not otherwise dated shall be deemed dated as postmarked if postmark is satisfactorily evidenced. Any proxy valid at any meeting shall be valid at any adjournment thereof unless the proxy itself specifies otherwise or is subsequently revoked by another proxy or by the presence in person of the member of such adjournment. A proxy may be unlimited as to the matters of which it may be voted or it may be restricted; a proxy containing no restriction shall be deemed to be unlimited. In the

event a member executes two or more proxies for the same meeting or for any adjournment thereof, the most recently dated proxy shall revoke all others; if such proxies carry the same date and are held by different persons, none of them will be valid or recognized.

SECTION 7. Members to Register With Credentials and Elections Officer, Credentials and Elections Committee.

- (a) Not less than one hundred (100) nor more than one hundred and thirty-five (135) days before the annual meeting of the members, the Board of Directors shall appoint a credentials and elections officer who may be the secretary of the board or any other person designated by the board. It is the duty of each member attending a meeting of the members to make his presence known by registering with the credentials and elections officer or person designated by the board before or at the time the meeting is called to order.
- (b) The credentials and elections officer's record of the names of members registered with him shall be prima facie evidence of the presence in person of such members at the meeting and with the list of the proxies filed shall serve as the roll of members present at the meeting. Said roll, certified by the Secretary, shall be filed by him with the records of the corporation.
- (c) On the day and prior to the hour for the meeting, the credentials and elections officer or other person designated by the board shall be responsible for providing at the place of meeting conveniently located and clearly marked, tables or desks at which he or his agents shall be present to register members attending in person, and to receive and file proxies; and sufficient opportunity shall be given for registering in person and the filing of proxies.
- (d) The board shall consider before each annual or special meeting of members whether it is necessary to appoint a credentials and elections committee. If a petition has been filed under the provisions of Article IV, Section 5 of these Bylaws nominating a member to serve as director or if the board deems it necessary, because of contested matters on the agenda or other good cause, the Board of Directors shall, pursuant to the provisions hereinafter set out, at least fifty-five (55) days before any meeting of the members, appoint a Credentials and Elections Committee. The Committee shall consist of an uneven number of Cooperative members not less than three (3) nor more than five (5) who are not members of the Nominating Committee or existing Cooperative employees, agents, officers, directors or known candidates for director, and who are not close relatives or members of the same household thereof. In appointing the Committee, the board shall have regard for the equitable representation of the several areas served by the Cooperative. The Committee shall elect its own Chairman and Secretary prior to the member meeting. It shall be the responsibility of the Committee to establish or approve the manner of conducting member registration and any ballot or other voting, to pass upon all questions that may arise with respect to the registration of members in person, to count all ballots or other votes cast in any election or in any other matter, to rule upon the effect of any ballots or other vote irregularly or indecisively marked or cast, to rule upon all other questions that may arise relating to member voting and the election of directors (including but not limited to the validity of petitions of nomination, proxies, or the qualifications of candidates and the regularity of the nomination and election of directors), and to pass upon any protest or objection filed with respect to any election or affecting the results of any election. In the exercise of its responsibility, the Committee shall have available to it the advice of counsel provided by the Cooperative. In the event a protest or objection is filed concerning any election, such protest or objection must be filed during, or within three (3) business days following the adjournment of the meeting in which the voting is conducted. The committee shall thereupon be reconvened, upon notice from its Chairman, not less than seven (7) days after such protest or objection is filed. The Committee shall hear such evidence as is presented by the protestor(s) or objector(s), who may be heard in person, by counsel, or both, any opposing evidence; and the Committee, by a vote of a majority of those present and voting, shall, within a reasonable time but not later than thirty (30) days after such hearing, render its decision, the result of which may be to affirm the election, to change the outcome thereof, or to set it aside. The Committee may not affirmatively act on any matter unless a majority of the Committee is

present. The Committee's decision (as reflected by a majority of those actually present and voting) on all matters covered by this Section shall be final.

SECTION 8. Order of Business. The order of business at the annual meeting of members, and so far as possible at all other meetings of members, shall be substantially as follows:

1. The call to order and report on the number of members present in person and by proxy in order to determine the existence of a quorum.
2. Reading of the notice of the meeting and proof of the due publication or mailing thereof, or the waiver or waivers of notice of the meeting, as the case may be.
3. Reading of unapproved minutes of previous meetings of the members and the taking of necessary action thereon.
4. Presentation and consideration of reports of officers, board members, and committees.
5. Election of board members.
6. Unfinished business.
7. New business.
8. Adjournment.

Notwithstanding the foregoing, the Board of Directors or the members themselves may from time to time establish a different order of business for the purpose of assuring the earlier consideration of and action upon any item of business the transaction of which is necessary or desirable in advance of any other item of business; PROVIDED, that no business other than adjournment of the meeting to another time and place may be transacted until and unless the existence of a quorum is first established and is present at the time of any vote.

SECTION 9. Agenda. No proposal from a member or group of members shall be voted upon at the annual meeting unless it has been placed on the agenda at least thirty (30) days prior to the date of the meeting. Any legitimate proposal may be placed on the agenda by any member by filing a copy of the proposal with the Secretary within the time allowed, with a request that it be submitted to the annual meeting for consideration.

SECTION 10. Approval of Minutes. At the first meeting of the board following a meeting of the members, or as soon thereafter as may be convenient, the minutes of the last meeting of the members shall be read, and after corrections, if any, approved and so subscribed by the Chairman, the Chairman pro tem of the meeting, if there was one, and the Secretary.

ARTICLE IV

BOARD OF DIRECTORS (the "Board")

SECTION 1. General Powers. The business and affairs of the Cooperative shall be managed by a board of seven directors, (hereinafter called "board members"), which shall represent the Cooperative as a whole, and shall exercise all its powers except such as are by law, the Articles of Incorporation or these Bylaws conferred upon or reserved to the members.

SECTION 2. Districts. To ensure the distribution of board members throughout the area served by the Cooperative, the territory served or to be served by it shall be divided into districts from which board members shall be elected from time to time as provided for in these Bylaws. The original districts, and the number of directors to be elected from each are:

Name of District	Counties in District	Number of Directors
Boyle	Boyle One	
Mercer	Mercer & Washington	One
Marion	Marion, Nelson & LaRue	One
Casey	Casey & Taylor One	
Lincoln	Lincoln & Rockcastle	One
Garrard	Garrard & Madison Two	

Not less than sixty (60) days before any meeting of the members at which board members are to be elected, the board shall review the composition of the several districts, and if it finds the best interests of the Cooperative and its members will be served thereby, shall reconstitute the districts forthwith.

SECTION 3. Qualifications. No person shall be eligible to become or remain a board member of the Cooperative who:

- (a) is not a member in good standing of the Cooperative and bona fide resident of the particular district served by the Cooperative from

which he is elected;

- (b) is in any way employed by or has a substantial financial interest in a competing enterprise or a business selling electric energy, or supplies to the Cooperative, or a business primarily engaged in selling electrical or plumbing appliances, fixtures or supplies to members of the Cooperative; or
- (c) is an employee of the Cooperative, a retired or former employee or is a close relative of an employee of the Cooperative or of an incumbent director of the Cooperative.

Notwithstanding any of the foregoing provisions of this Section treating with close relative relationships, no incumbent director shall lose eligibility to remain a director or to be re-elected as a director if he becomes a close relative of another incumbent director or of a cooperative employee because of a marriage to which he was not a party.

Upon the fact being established to the satisfaction of a majority of the other board members that a board member is holding his or her office in violation of any of the foregoing provisions, such other board members, acting as the board, shall proceed to remove such board member from office. Nothing contained in this section shall affect in any manner whatsoever the validity of any action at any meeting of the board, unless such action was taken with respect to a matter in which one or more of the directors have an interest adverse to that of the Cooperative.

SECTION 4. Election and Tenure. Board members shall be elected by ballot, by the members-at-large at the annual meeting of members, or at a special meeting thereof held for that purpose within a reasonable time thereafter. They shall serve for terms of three (3) years each, ending with the third annual meeting following election, and until their successors shall have been elected and shall have qualified. Two (2) board members shall be elected in each of two successive years beginning in the year 1968, and three (3) board members shall be elected every third succeeding year, provided that the terms of two (2) directors from the same directorate district shall not coincide.

Board members whose terms are expiring are eligible for immediate re-election.

The election of board members shall be printed or mimeographed ballot. The ballots shall list the candidates nominated according to districts, giving their names and addresses. If there is no objection, secret written balloting may be dispensed with in respect of that particular election and voting may be conducted in any other proper manner. Each member of the Cooperative present shall be entitled to vote for one candidate from each district. The candidate from each district receiving the highest number of votes at the meeting shall be considered elected a board member. Drawing by lot shall resolve, where necessary, any tie votes.

SECTION 5. Nominations. It shall be the duty of the Board of Directors to appoint, not less than one hundred (100) nor more than one hundred and thirty-five (135) days prior to the date of a meeting of the members at which directors are to be elected, a Committee on Nominations, consisting of not less than seven (7) nor more than fourteen (14) members of the Cooperative who are not existing Cooperative employees, agents, officers, directors or known candidates for directors, who are not close relatives or members of the same household thereof, and who are so selected that each of the Cooperative's Directorate Districts shall have representation thereon in proportion to the number of authorized directors from or with respect to such District. The Committee shall meet within fourteen (14) days of its appointment and shall prepare and post at the principal office of the Cooperative at least eighty-six (86) days prior to the meeting a list of nominations for directors to be elected, listing separately the nominee(s) for each Directorate District from or with respect to which a director must, pursuant to this Article, be elected at the meeting. After the nominations of the nominating committee have been posted, and not less than sixty-five (65) days before the meeting any one hundred (100) or more members of the Cooperative, acting together may make additional nominations in writing over their signatures, listing their nominee(s) in like manner, which petition shall be filed in a sealed envelope clearly identified as a petition at the Cooperative's headquarters building on Hustonville Road, Danville, Kentucky or placed in the night depository box at the headquarters prior to 5:00 p.m. of the last day to file. Cooperative personnel receiving the sealed petition shall deliver same without breaking the seal to the Credentials and Elections Officer provided for in Article III, Section 7(a) of the Bylaws who shall receipt for same and safeguard same in the Cooperative's vault until such time as the Credentials and Elections Committee provided for under Article III, Section 7(d) has been appointed. After the said Credentials and Elections Committee has

been appointed and called together for a meeting which shall be within fourteen (14) days from the date of its appointment, the Credentials and Elections Officer, or his duly authorized agent, shall deliver the sealed petition to the Credentials and Elections Committee for its review to determine its adequacy under the Bylaws. If the said Committee determines that the petition is adequate in all respects under the Bylaws and is signed by the required number of members then the Secretary shall post such nomination at the same place where the list of nominations by the Committee on Nominations is posted.

If the Credentials and Elections Committee determines that the petition is inadequate under the Bylaws then said committee will immediately notify the proposed nominee of its decision and the reasons why the petition is inadequate. If the said nominee wishes to appeal the said committee's ruling then an appeal shall be filed in writing with the said committee chairman stating the reason for the appeal within four (4) days of the date of notification. The Credentials and Elections Committee shall meet within four (4) days of receipt of such an appeal to determine the merits of same. Both the said nominee and any other candidate for the office shall be allowed to be present at the meeting to present evidence either personally or through counsel. The Credentials and Elections Committee shall rule upon the appeal and its decision shall be final. No additional nominations for board members from a particular district shall be made from the floor of the annual meeting.

SECTION 6. Voting for Directors; Validity of Board Action. In the election of directors, each member shall be entitled to cast the number of votes (but not cumulatively) which corresponds to the total number of directors to be elected, but no member may vote for more nominees than the number of directors that are to be elected from or with respect to any particular Directorate District. Ballots marked in violation of the foregoing restriction with respect to one or more Directorate Districts shall be invalid and shall not be counted with respect to such District or Districts. Notwithstanding the provisions contained in this Section, failure to comply with any of such provisions shall not affect in any manner whatsoever the validity of any action taken by the Board of Directors after the election of directors.

SECTION 7. Removal of Directors by Members. Any member(s) may bring one or more charges for cause against any one or more directors and may request the removal of such director(s) by reason thereof by filing with the Secretary such charge(s) in writing signed by said member(s), together with a petition signed by not less than ten per cent (10%) of the then-total members of the Cooperative, which petition calls for a special member meeting the stated purpose of which shall be to hear and act upon such charge(s), and which specifies the place, time and date thereof not sooner than twenty-five (25) days after the filing of such petition. Each page of the petition shall, in the forepart thereof, state the name(s) and address(es) of the member(s) filing such charge(s), a verbatim statement of such charge(s) and the name(s) of the director(s) against whom such charge(s) is (are) being made. The petition shall be signed by each member in the same name as he is billed by the Cooperative and shall state the signatory's address as the same appears on such billings. A statement of such charge(s) verbatim, the name(s) of director(s) against whom the charge(s) have been made, of the member(s) filing the charge(s) and the purpose of the meeting shall be contained in the notice of the meeting; PROVIDED, that the notice shall set forth (in alphabetical order) only twenty (20) of the names of the members filing one or more charges if twenty (20) or more members file the same charge(s) against the same director(s). Such director(s) shall be informed in writing of the charge(s) after they have been validly filed and at least twenty (20) days prior to the meeting of the members at which the charge(s) are to be considered, and shall have an opportunity at the meeting to be heard in person, by witnesses, by counsel or any combination of such, and to present evidence in respect to the charge(s); and the person(s) bringing the charge(s) shall have the same opportunity, but must be heard first. The question of the removal of such director(s) shall, separately for each if more than one has been charged, be considered and voted upon at such meeting; PROVIDED, that the question of the removal of a director shall not be voted upon at all unless some evidence in support of the charge(s) against him shall have been presented during the meeting through oral statements, documents or otherwise, with the ruling concerning same to be made by the chairman of the special meeting. The chairman of the said meeting shall be a licensed attorney appointed by the attorney to the board, and the Cooperative shall compensate him for his services. If a director is removed pursuant to this action, the vacancy created by

such removal shall be filled by the Board of Directors.

SECTION 8. Vacancies. All vacancies occurring in the Board of Directors shall be filled by the Board of Directors. A director thus elected shall serve out the unexpired term of the director whose office was originally vacated, until a successor is elected and qualified; PROVIDED, that such a director shall be from or with respect to the same Directorate District as was the director whose office was vacated.

SECTION 9. Absence from Meetings. Any board member who is absent from three (3) consecutive regular meetings of the board, unless excused by the affirmative vote of a majority of the other board members, shall be deemed to have vacated his office. After declaring the vacancy to exist, the remaining board members shall proceed to fill the vacancy.

SECTION 10. Compensation. Board members shall not receive any salary for their services as such, except that the board may by resolution authorize a per diem to be paid for each day or portion thereof spent on cooperative business, such as attendance of meetings, conferences, and training programs; or when authorized by the board, in performing committee assignments. Board members may also be reimbursed for expenses actually and necessarily incurred in carrying out such Cooperative business, or by action of the board may be granted a reasonable per diem allowance in lieu of a detailed accounting for some of these expenses. No board member shall receive compensation for serving the Cooperative in any other capacity, nor shall a close relative of a board member receive compensation for serving the Cooperative, unless the payment and amount of compensation shall be specifically authorized by the members, or shall be certified by the affirmative vote of a majority of the board members not involved therein, taken before or after such service is rendered, as an emergency measure or a special case; PROVIDED, that a director who is also an officer of the board, and who as such officer performs regular or periodic duties of a substantial nature for the Cooperative in its fiscal affairs, may be compensated in such amount as shall be fixed and authorized in advance of such service by the Board of Directors; and PROVIDED FURTHER, that an employee shall not lose his eligibility to continue in the employment of the Cooperative if he becomes a close relative of a director because of a marriage to which he was not a party.

SECTION 11. Rules, Regulations, Rate Schedules and Contracts. The Board of Directors shall have power to make, adopt, amend, abolish and promulgate such rules, regulations, rate classifications, rate schedules, contracts, security deposits and any other types of deposits, payments or charges, including contributions in aid of construction, not inconsistent with law or the Cooperative's Articles of Incorporation or Bylaws, as it may deem advisable for the management, administration and regulation of the business and affairs of the Cooperative.

SECTION 12. Accounting System and Reports. The Board of Directors shall cause to be established and maintained a complete accounting system of the Cooperative's financial operations and condition, and shall, after the close of each fiscal year, cause to be made a full, complete and independent audit of the Cooperative's accounts, books and records reflecting financial operations during, and financial condition as of the end of, such year. A full and accurate summary of such audit reports shall be submitted to the members at or prior to the succeeding annual meeting of the members. The board may authorize special audits, complete or partial, at any time and for any specified period of time.

SECTION 13. "Close Relative" Defined. As used in these Bylaws, "close relative" means a person who, by blood or in law, including half, foster, step and adoptive kin, is either a spouse, child, grandchild, parent, grandparent, brother, sister, aunt, uncle, nephew or niece of the principal.

ARTICLE V

MEETINGS OF BOARD OF DIRECTORS

SECTION 1. Regular Meetings. A regular meeting of the Board of Directors shall be held, without notice, immediately after the adjournment of the annual meeting of the members, or as soon thereafter as conveniently may be, at such site as designated by the board in advance of the annual member meeting; PROVIDED, however, that failure to hold such meeting shall not affect in any manner whatsoever the validity of any action subsequently taken by the board. A regular meeting of the board shall also be held monthly at such time and place within one of the counties served by the Cooperative as designated by the board. Such regular monthly meeting may

be held without notice other than that of the resolution fixing the time and place thereof.

SECTION 2. Special Meetings. A special meeting of the Board of Directors may be called by the Board of Directors, by the Chairman or by any four (4) directors, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided in Section 3. The board, the Chairman, or the directors calling the meeting shall fix the date, time and place for the meeting, which shall be held in one of the counties in Kentucky within which the Cooperative serves, unless all directors consent to its being held in some other place in Kentucky or elsewhere. Special meetings, upon proper notice as otherwise provided in Section 3, may also be held via telephone conference call, without regard to the actual location of the directors at the time of such telephone conference meeting, if all the directors consent thereto.

SECTION 3. Notice of Directors Meeting. Written notice of the date, time, place (or telephone conference call) and purpose or purposes of any special meeting of the board and, when the business to be transacted thereat shall require such, of any regular meeting of the board shall be delivered to each director not less than five (5) days prior thereto, either personally or by mail, by or at the direction of the Secretary, or upon a default in this duty by the Secretary, by him or those calling it in the case of a special meeting or by any director in the case of a meeting the date, time and place of which have already been fixed by board resolution. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the director at his address as it appears on the records of the Cooperative, with first class postage thereon prepaid, and postmarked at least five (5) days prior to the meeting date. The attendance of a director at any meeting of the board shall constitute a waiver of notice of such meeting unless such attendance shall be for the express purpose of objecting to the transaction of any business or of one or more items of business, on the ground that the meeting shall not have been lawfully called or convened.

SECTION 4. Quorum. The presence in person of a majority of the directors in office shall be required for the transaction of business and the affirmative votes of a majority of the directors present and voting shall be required for any action to be taken unless otherwise provided by statute or these Bylaws; PROVIDED, that a director who by law or these Bylaws is disqualified from voting on a particular matter shall not, with respect to consideration of an action upon that matter, be counted in determining the number of directors in office or present; AND PROVIDED FURTHER, that, if less than a quorum be present at a meeting, a majority of the directors present may adjourn the meeting from time to time, but shall cause the absent directors to be duly and timely notified of the date, time and place of such adjourned meeting.

ARTICLE VI OFFICERS

SECTION 1. Number. The officers of the Cooperative shall be a Chairman, Vice Chairman, Secretary, Treasurer, and such other officers as may be determined by the board from time to time. The offices of Secretary and Treasurer may be held by the same person.

SECTION 2. Election and Term of Office. The officers shall be elected by ballot, annually by and from the board at the meeting of the board held immediately after the annual meeting of the members, or as soon thereafter as it may be conveniently done. Each officer shall hold office until the first meeting of the board following the next succeeding annual meeting of the members, or until a successor shall have been elected and shall have qualified. A vacancy in any office shall be filled by the board for the unexpired portion of the term.

SECTION 3. Removal of Officers and Agents. Any officer or agent elected or appointed by the board may be removed by it whenever in its judgment the best interest of the Cooperative will be served thereby.

SECTION 4. Chairman. The Chairman shall:

- (a) be the principal executive officer of the Cooperative, and unless otherwise determined by the members of the board, shall preside at all meetings of the members and the board;
- (b) sign, with the Secretary, certificates of membership, the issue of which shall have been authorized by the board, and may sign any deeds, mortgages, deeds of trust notes, bonds, contracts or other instruments authorized by the board to be executed, except in cases in

which the signing and execution thereof shall be expressly delegated by the board or by these Bylaws to some other officer or agent of the Cooperative, or shall be required by law to be otherwise signed or executed, and

- (c) in general perform all duties incident to the office of Chairman and such other duties as may be prescribed by the board from time to time.

SECTION 5. Vice Chairman. In the absence of the Chairman or in the event of his inability or refusal to act, the Vice Chairman shall perform the duties of the Chairman, and when so acting shall have all the powers of and be subject to all the restrictions upon the Chairman. The Vice Chairman shall also perform other duties as from time to time may be assigned by the board.

SECTION 6. Secretary. The Secretary shall be responsible for:

- (a) keeping or causing to be kept, the minutes of the meetings of the members and of the board in books provided for that purpose;
- (b) seeing that all notices are duly given in accordance with these Bylaws or as required by law;
- (c) the safekeeping of the corporate book and records and the seal of the Cooperative and affixing the seal of the Cooperative to all certificates of membership prior to the issue thereof, and to all documents, the execution of which on behalf of the Cooperative under its seal is duly authorized in accordance with the provisions of the Bylaws;
- (d) keeping, or causing to be kept, a register of the names and post office addresses of all members;
- (e) signing, with the Chairman, certificates of membership, the issue of which shall have been authorized by the board or the members;
- (f) have general charge of the books of the Cooperative in which a record of the members is kept;
- (g) keeping on file at all times a complete copy of the Articles of Incorporation and Bylaws of the Cooperative containing all amendments thereto (which copy shall always be open to the inspection of any member) and at the expense of the Cooperative, furnishing a copy of the Bylaws and of all amendments thereto to any member upon request; and
- (h) in general performing all duties incident to the office of Secretary and such other duties as from time to time may be assigned by the board.

SECTION 7. Treasurer. The Treasurer shall be responsible for:

- (a) custody of all funds and securities of the Cooperative;
- (b) the receipt of and the issuance of receipts for all monies due and payable to the Cooperative and for the deposit of all such monies in the name of the Cooperative in such bank or banks as shall be selected in accordance with the provisions of these Bylaws; and
- (c) the general performance of all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned by the board.
- (d) Notwithstanding the duties, responsibilities and authorities of the Secretary and of the Treasurer hereinbefore provided in Sections 6 and 7, the Board of Directors by resolution may, except as otherwise limited by law, delegate, wholly or in part, the responsibility and authority for, and the regular or routine administration of, one or more of each such officer's such duties to one or more agents, other officers or employees of the Cooperative who are not directors. To the extent that the board does so delegate with respect to any such officer, that officer as such shall be released from such duties, responsibilities and authorities.

SECTION 8. President/CEO. The board may appoint a President/CEO who may be, but who shall not be required to be, a member of the Cooperative. The President/CEO shall perform such duties and shall exercise such authority as the board may vest in such office from time to time.

SECTION 9. Bonds of Officers. The Treasurer and any other officer or agent of the Cooperative charged with responsibility for the custody of any of its funds or property shall be bonded in such sum and with such surety as the board shall determine. The board in its discretion may also require any other officer, agent or employee of the Cooperative to be bonded in such amount and with such surety as it shall determine.

SECTION 10. Compensation. The compensation, if any, of any officer,

agent or employee who is also a director or close relative of a director shall be determined as provided in Section 10 of Article IV of these Bylaws, and the powers, duties and compensation of any other officers, agents and employees shall be fixed or a plan therefor approved by the Board of Directors.

SECTION 11. Reports. The officers of the Cooperative shall submit at each annual meeting of the members reports covering the business of the Cooperative for the previous fiscal year. Such reports shall set forth the condition of the Cooperative at the close of such fiscal year.

SECTION 12. Indemnification of President/CEO, Officers, Directors, Staff Employees and Agents. The Cooperative shall indemnify any person who was or is a party, or is threatened to be made a party to any threatened, pending, or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by, or in the right of, the Cooperative) by reason of the fact that such person is or was a President/CEO, director, officer, staff employee or agent of the Cooperative, or who is or was serving at the request of the Cooperative as a President/CEO, director, officer, staff employee or agent of another cooperative, association, corporation, partnership, joint venture, trust or other enterprise, against expenses (including all costs of defense), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding, if such person acted in good faith and in a manner such person reasonably believed to be in, or not opposed to, the best interest of the Cooperative, and, with respect to any criminal action or proceeding, had no reasonable cause to believe the conduct of such person was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not of itself, create a presumption that the person did not act in good faith and in a manner which such person reasonably believed to be in, or not opposed to, the best interest of the Cooperative, and with respect to any criminal action or proceeding, had reasonable cause to believe that the conduct of such person was unlawful.

To the extent that a President/CEO, director, officer, staff employee or agent of the Cooperative has been successful, on the merits or otherwise, in the defense of any action, suit or proceeding referred to in paragraph 1, (and, in addition, actions by or in the right of, the Cooperative) of any claim, issue or matter therein, such person shall be indemnified against expenses (including all costs of defense) actually and reasonably incurred by such person in connection therewith.

The indemnity herein provided shall be co-extensive with those authorized under Kentucky Revised Statute Chapter 271B and shall be effective in accordance with all of the terms and conditions of such statute.

The Cooperative may purchase and maintain insurance on behalf of any person who is or was a President/CEO, director, officer, staff employee or agent of the Cooperative, or who is or was serving at the request of the Cooperative as a President/CEO, director, officer, staff employee or agent of another cooperative, association, corporation, partnership, joint venture, trust or other enterprise, against any liability asserted against such person and incurred by such person in any such capacity, or arising out of the status of such person as such, whether or not the Cooperative would have the power to indemnify such person against such liability under the provisions of this bylaw.

ARTICLE VII

FINANCIAL TRANSACTIONS

SECTION 1. Contracts. Except as otherwise provided by law or these Bylaws, the Board of Directors may authorize any cooperative officer, agent or employee to enter into any contract or execute and deliver any instrument in the name and on behalf of the Cooperative, and such authority may be general or confined to specific instances.

SECTION 2. Checks, Drafts, etc. All checks, drafts or other orders for the payment of money, and all notes, bonds, or other evidences of indebtedness, issued in the name of the Cooperative, shall be signed or countersigned by such officer, agent or employee of the Cooperative and in such manner as shall from time to time be determined by resolution of the Board of Directors.

SECTION 3. Deposits, Investments. All funds of the Cooperative shall be deposited or invested from time to time to the credit of the Cooperative in such bank or banks or in such financial securities or institutions as the Board of Directors may select.

ARTICLE VIII

WAIVER OF NOTICE

Any member or director may waive, in writing, any notice of meetings required to be given by these Bylaws. The attendance of a member or board member at any meeting shall constitute a waiver of notice of such meeting by such member or board member, except in case a member or board member shall attend a meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting has not been lawfully called or convened.

ARTICLE IX

AMENDMENTS

These Bylaws may be altered, amended or repealed by the Board of Directors at any regular or special board meeting; PROVIDED, that the notice of the meeting, shall have contained a copy of the proposed alteration amendment or repeal or an accurate summary explanation thereof. A copy of each alteration, amendment or repeal shall be furnished to the Administrator of Rural Utilities Service and National Rural Utilities Cooperative Finance Corporation and notice of same shall be published in the Cooperative's monthly newsletter or the *Kentucky Living* within a reasonable time after adoption.

ARTICLE X

RULES OF ORDER

Parliamentary procedure at all meetings of the members, of the Board of Directors, of any committee provided for in these Bylaws and of any other committee of the members or Board of Directors which may from time to time be duly established shall be governed by the most recent edition of Robert's Rules of Order, except to the extent such procedure is otherwise determined by law or by the Cooperative's Articles of Incorporation or Bylaws.

ARTICLE XI

NON-PROFIT OPERATION

SECTION 1. Interest or Dividends on Capital Prohibited. The Cooperative shall at all times be operated on a cooperative non-profit basis for the mutual benefit of its patrons. No interest or dividends shall be paid or payable by the Cooperative on any capital furnished by its patrons.

SECTION 2. Patronage Capital in Connection with Furnishing Electric Energy. In the furnishing of electric energy, the Cooperative's operations shall be so conducted that all patrons will, through their patronage, furnish capital for the Cooperative. In order to induce patronage and to assure that the Cooperative will operate on a non-profit basis the Cooperative is obligated to account on a patronage basis to all its patrons for all amounts received and receivable from the furnishing of electric energy in excess of operating costs and expenses properly chargeable against the furnishing of electric energy. All such amounts in excess of operating costs and expenses at the moment of receipt of the Cooperative are received with the understanding that they are furnished by the patrons as capital. The Cooperative is obligated to pay by credits to a capital account for each patron all such amounts in excess of operating costs and expenses. The books and records of the Cooperative shall be set up and kept in such a manner that at the end of each fiscal year the amount of capital, if any, so furnished by each patron is clearly reflected and credited in an appropriate record to the capital account of each patron, and the Cooperative shall within a reasonable time after the close of the fiscal year notify each patron of the amount of capital so credited to his account if requested. All such amounts credited to the capital account of any patron shall have the same status as though they had been paid to the patron in cash in pursuant of a legal obligation to do so and the patron had then furnished the Cooperative corresponding amounts for capital.

All other amounts received by the Cooperative from its operations in excess of costs and expenses shall, insofar as permitted by law, be

- (a) used to offset any losses incurred during the current or any prior fiscal year, and
- (b) to the extent not needed for that purpose, allocated to its patrons on a patronage basis, and any amount so allocated shall be included as a part of the capital credited to the accounts of patrons, as herein provided.

In the event of dissolution or liquidation of the Cooperative, after all outstanding indebtedness of the Cooperative shall have been paid, outstanding capital credits shall be retired without priority on a pro rata basis before any payments are made on account of property rights of members; PROVIDED,

that insofar as gains may at that time be realized from the sale of any appreciated asset, such gains shall be distributed to all persons who were patrons during the period the asset was owned by the cooperative in proportion to the amount of business done by such patrons during that period, insofar as is practicable, as determined by the Board of Directors before any payments are made on account of property rights of members. If at any time prior to dissolution or liquidation, the Board shall determine that the financial condition of the Cooperative will not be impaired thereby, the capital credited to patrons' accounts may be retired in full or in part. Any such retirements of capital shall be made on any method of allocation, basis, priority and order of retirement that the Board in its discretion determines to be just and equitable and in furtherance of the cooperative concept.

FURTHERMORE, the Board of Directors shall have the power to adopt rules providing for the separate retirement of that portion ("power supply or other service or supply portion") of capital credited to the accounts of patrons which corresponds to capital credited to the account of the Cooperative by an organization furnishing power supply or any other service or supply to the Cooperative. Such rules shall:

- (a) establish a method for determining the portion of such capital credited to each patron for each applicable fiscal year;
- (b) provide for separate identification on the Cooperative's books of such portions of capital credited to the Cooperative's patrons;
- (c) provide for appropriate notifications to patrons with respect to such portions of capital credited to their accounts; and
- (d) preclude a general retirement of such portions of capital credited to patrons for any fiscal year prior to the general retirement of other capital credited to patrons for the same year or of any capital credited to patrons for any prior fiscal year.

Capital credited to the account of each patron shall be assignable only on the books of the cooperative pursuant to written instructions from the assignor and only to successors in interest or successors in occupancy in all or a part of such patron's premises served by the Cooperative, unless the Board of Directors, acting under policies of general application, shall determine otherwise.

Notwithstanding any other provisions of these Bylaws, the Board of Directors shall at its discretion have the power at any time upon the death of any patron who was a natural person (or, if as so provided for in the preceding paragraph, upon the death of an assignee of the capital credits of a patron, which assignee was a natural person), if the legal representatives of his estate shall request in writing that the capital so credited or assigned, as the case may be, be retired prior to the time such capital would otherwise be retired under the provisions of the Bylaws, to retire such capital immediately upon such terms and conditions as the Board of Directors, acting under policies of general application to situations of like kind, and such legal representatives, shall agree upon; PROVIDED, however, that the financial condition of the Cooperative will not be impaired thereby; and FURTHER PROVIDED that no payment of capital credits to the estate of a deceased member shall be made except to the extent said credits represent margins earned by the Cooperative or other cooperatives of which this Cooperative is a member. This shall be construed to exclude capital credits assigned after 1982, but not paid in cash by such other cooperatives, except for capital credits of which this cooperative may be reasonably assured of collection within the next seven (7) years. Separate records shall be kept of Patronage Capital received and receivable.

The Cooperative, before retiring any capital credited to any patron's account, shall deduct therefrom any amount owing by such patron to the Cooperative.

The patrons of the Cooperative, by dealing with the Cooperative, acknowledge that the terms and provisions of the Articles of Incorporation and Bylaws shall constitute and be a contract between the Cooperative and each patron, and both the Cooperative and the patrons are bound by such contract, as fully as though each patron had individually signed a separate instrument containing such terms and provisions. The provisions of this Article of the Bylaws shall be called to the attention of each patron of the Cooperative by posting in a conspicuous place in the Cooperative's offices.

ARTICLE XII

DISPOSITION AND PLEDGING OF PROPERTY; DISTRIBUTION OF SURPLUS ASSETS ON DISSOLUTION

SECTION 1. Disposition of Property. The Cooperative may not sell, mortgage, lease or otherwise dispose of or encumber all or any substantial portion of its property unless such sale, mortgage, lease or other disposition

or encumbrance is authorized at a meeting of the members thereof by the affirmative vote of not less than two-thirds of all the members of the Cooperative, and unless the notice of such proposed sale, mortgage, lease or other disposition or encumbrance shall have been contained in the notice of the meeting; PROVIDED, however, that notwithstanding anything therein contained, the board of the Cooperative, without authorization by the members thereof shall have full power and authority to authorize the execution and delivery of a mortgage or mortgages or a deed or deeds of trust upon, or the pledging or encumbering of, any or all the property, assets, rights, privileges, licenses, franchises and permits of the Cooperative, whether acquired or to be acquired, and wherever situated, as well as the revenues and income therefrom, all upon such terms and conditions as the board shall determine, to secure any indebtedness of the Cooperative to the United States of America or any agency or instrumentality thereof, the National Rural Utilities Cooperative Finance Corporation, and any other agency, where mortgage arrangements can be accommodated and approved by the Rural Utilities Service. A substantial portion as used in this Article shall be defined as at least ten per cent (10%) of the value of the property of the Cooperative other than merchandise and property acquired for resale during any one fiscal year.

SECTION 2. Distribution of Surplus Assets on Dissolution. Upon the Cooperative's dissolution, any assets remaining after all liabilities or obligations of the Cooperative have been satisfied and discharged shall, to the extent practicable as determined by the Board of Directors, not inconsistent with the provisions of the third paragraph of Section 2 of Article XI of these Bylaws be distributed without priority but on a patronage basis among all persons who are members of the Cooperative; PROVIDED, however, that if in the judgment of the board the amount of such surplus is too small to justify the expense of making such distribution, the board may, in lieu thereof, donate, or provide for the donation of, such surplus to one or more non-profit charitable or educational organizations that are exempt from Federal income taxation.

ARTICLE XIII

PATRON'S DUTY TO SUPPLY ADDRESS, PROCEDURE IN GIVING NOTICE MAKING DISTRIBUTIONS TO PATRONS, ABANDONMENT AND RECOVERY OF UNCLAIMED PROPERTY

SECTION 1. Duty to Supply Address. It is the duty of each patron (including in the meaning of the word "patron" members, former members, non-members and successors in interest or successors in occupancy to all or part of a patron's premises served by the Cooperative) to keep the Cooperative informed of his current address. It is the duty of the legal representative of deceased patrons to inform the Cooperative promptly of their identity and qualification and current address. In giving notices, in making payments, refunds and other distributions to patrons the Cooperative may rely solely on the last addresses given by them, their successors or legal representatives. Failure to supply such information shall constitute the waiver of any notice.

SECTION 2. Giving Notice, Making Distributions. All notices given by the Cooperative, all refunds made by it, and distributions of capital credits, patronage refunds and book equities shall be deemed to have been given when the same, or a check, draft, or certificate therefor has been deposited in the United States mail with the postage thereon prepaid, addressed to the patron or his legal representative at his last known address as shown on the records of the Cooperative.

SECTION 3. Abandonment and Recovery of Unclaimed Property. The property in any capital credits, patronage refunds, or book equities sought to be distributed by the Cooperative to its patrons shall, be deemed to have been abandoned, and the amounts of money represented thereby may be treated as incidental income of the Cooperative for the appropriate year, either under a general rule or special resolution of the board, when checks, drafts, certificates or other instruments of distribution and payment remain in the hands of the Cooperative for a period of five (5) years after the tender thereof to the patron in person, or the mailing thereof in the manner provided for in the Bylaws, and;

- (a) acceptance of delivery has been refused and legal action has not been taken by the owner; or
- (b) the owner cannot be found, and after having been mailed to him at his last known address as provided for in these Bylaws the checks, drafts, certificates or other instruments of distribution or payment have been returned by the United States mail unclaimed, and the

- amounts have not been called for; or
- (c) presentment for payment or surrender for capital has not been made, or action taken by the owner to claim the right.

**ARTICLE XIV
SEAL**

The Corporate seal of the Cooperative shall be in the form of a circle and shall have inscribed thereon the name of the Cooperative and the words "Corporate Seal, Kentucky."

**ARTICLE XV
CHANGE IN RATES**

Written notice shall be given to the Administrator of the Rural Utilities Service of the United States of America not less than ninety (90) days prior to the date upon which any proposed change in rates charged by the Cooperative for electric energy becomes effective.

**ARTICLE XVI
FISCAL YEAR**

The fiscal year of the Cooperative shall begin on the first day of January of each year and shall end on the thirty-first day of December of the same year.

**ARTICLE XVII
AREA COVERAGE**

The board shall make diligent effort to see that electric energy service is extended to all unserved persons within the Cooperative service area who

- (a) desire such service, and
- (b) meet all reasonable requirements established by the Cooperative as a condition of such service.

**INTER-COUNTY ENERGY COOPERATIVE CORPORATION
ARTICLES OF INCORPORATION**

The incorporators whose names are hereunto signed, being natural persons and citizens of the Commonwealth of Kentucky, have executed these Articles of Incorporation for the purpose of forming a cooperative corporation not organized for pecuniary profit pursuant to the "Rural Electric Cooperative Corporation Act" which was passed by the General Assembly of Kentucky, at a Special Session, 1936, and approved on January 18, 1937, in accordance with the following provisions:

ARTICLE I

The name of the Corporation shall be, "Inter-County Energy Cooperative Corporation."

ARTICLE II

The purpose for which this corporation is formed is to engage in any and all lawful business and/or activity authorized pursuant to Kentucky law including but not limited to promote and encourage the fullest possible use of electric energy in the Commonwealth of Kentucky by making electric energy available by production, transmission or distribution, or both, to or by otherwise securing the same for the habitants of and persons in the Commonwealth of Kentucky at the lowest cost consistent with sound business methods and prudent management of the business of the Corporation and also by making available to the said inhabitants as foresaid electrical devices, equipment, wiring, appliances, fixtures and supplies and all kinds of tools, equipment and machinery, (including any fixture or property of both which may by its use be conducive to a more complete use of electricity or electric energy) operated by electricity or electric energy and, without limiting the generality of the foregoing:

- (a) To generate, manufacture, purchase, acquire and accumulate electric energy for its members and non-members to the extent permitted by the Act under which the Corporation is formed, or otherwise authorized by law, and to transmit, distribute, furnish, sell and dispose of such electric energy to its members and non-members to the extent permitted by the Act under which the Corporation is formed, or otherwise permitted by law, and to construct, erect, purchase, lease as lessee and in any manner acquire, own, hold, maintain, operate, sell, dispose of, lease as lessor, exchange and mortgage plants, buildings, works, machinery, supplies, apparatus, equipment and electric transmission and distribution lines or systems necessary, convenient or useful for carrying out and accomplishing any or all of the foregoing purposes;
- (b) To acquire, own, hold, use, exercise and, to the extent permitted by law, to sell, mortgage, pledge, hypothecate and in any manner dispose of franchises, rights, privileges, licenses, rights-of-way and easements necessary, useful or appropriate to accomplish any or all of the purposes of the Corporation;
- (c) To purchase, receive, lease as lessee, or in any other manner acquire, own, hold, maintain, use, convey, sell, lease as lessor, exchange,

- mortgage, pledge or otherwise dispose of any and all real and personal property or any interest therein necessary, useful or appropriate to enable the Corporation to accomplish any or all of its purposes;
- (d) To assist its members to wire their premises and install therein electrical and plumbing appliances, fixtures, machinery, supplies, apparatus and equipment of any and all kinds and character (including, without limiting the generality of the foregoing, such as are applicable to water supply and sewage disposal) and, in connection therewith and for such purposes, to purchase, acquire, lease, sell, distribute, install and repair, electrical and plumbing appliances, fixtures, machinery, supplies, apparatus and equipment of any and all kinds and character (including without limiting the generality of the foregoing, such as are applicable to water supply and sewage disposal) and to receive, acquire, endorse, pledge, guarantee, hypothecate, transfer or otherwise dispose of notes and other evidences of indebtedness and all security therefor;
- (e) To borrow money, to make and issue bonds, notes and other evidences of indebtedness, secured or unsecured, for monies borrowed or in payment for property acquired, or for any of the other objects, or purposes of the Corporation; to secure the payment of such bonds, notes, or other evidences of indebtedness by mortgage or mortgages, or deed or deeds, of trust upon, or by the pledge of our other lien upon any or all of the property, rights, privileges, or permits of the Corporation, wheresoever situated, acquired or to be acquired;
- (f) To exercise the right of eminent domain in its corporate name, and in the manner provided by the condemnation laws for acquiring private property for public use;
- (g) To do and perform either for itself or for its members any and all acts and things under, through or by means of its own officers, agents and employees or by contracts with any person, federal agency, corporation, cooperative association or municipality, and to have and exercise any and all powers as may be necessary or convenient to accomplish any or all of the foregoing purposes or as may be permitted by the act under which this corporation is formed or as may now or hereafter be authorized by law or which are not prohibited by law and to exercise any of its powers anywhere.

ARTICLE III

The principal office of the Corporation shall be located at Danville, in the County of Boyle, Commonwealth of Kentucky.

ARTICLE IV

The operations of the Corporation are to be conducted in the counties of Boyle, Mercer, Washington, Marion, Lincoln and Garrard, and in such other counties as such operations may from time to time become necessary or desirable in the interest of this corporation or its members.

ARTICLE V

The number of directors of the Corporation shall not be less than five (5) nor more than eleven (11). Unless otherwise provided in the Bylaws, the number of directors shall be seven (7).

ARTICLE VI

The names and post office addresses of the directors who are to manage and conduct the affairs of the Corporation until the first annual meeting of the members or until their successors shall have been elected and shall have qualified, are:

NAMES

William H. Rogers
Kearney Adams
P.E. Hughes
Beeler Whitlock
Robinson Cook

POST OFFICE

ADDRESSES
Harrodsburg, Ky.
Lancaster, Ky.
Raywick, Ky.
Gravel Switch, Ky.
Harrodsburg, Ky.

ARTICLE VII

The duration of the Corporation is: Perpetual.

ARTICLE VIII

SECTION 1. The Corporation shall have no capital stock and the property rights and interests of each member shall be equal.

SECTION 2. Any person, firm, corporation or body politic may become a member in the Corporation by:

- (a) paying the membership fee specified by the Bylaws;
- (b) agreeing to purchase from the Corporation electric energy as specified in the Bylaws; and
- (c) agreeing to comply with and be bound by these Articles of Incorporation and the Bylaws of the Corporation and any amendments thereto and such rules and regulations as may from time to time be adopted by the Board of Directors.

PROVIDED, however, that no person, firm, corporation or body politic shall become a member unless and until he or it has been accepted for membership by the Board of Directors or the members in the manner provided for in the Bylaws. No person, firm, corporation or body politic may own more than one (1) membership in the Corporation.

A husband and wife may jointly become a member and their application for a joint membership may be accepted in accordance with the foregoing provisions of this Section, provided the husband and wife comply jointly with the foregoing provisions of the above subdivisions (a), (b), and (c).

SECTION 3. Membership in the Corporation shall be terminated by death, cessation of existence, expulsion or withdrawal of the member as provided in the Bylaws of the Corporation. Termination of membership in any manner shall not release the member, or his estate from the debts or liabilities of such member to the Corporation.

SECTION 4. Each member shall be entitled to one (1) vote and no more

upon each matter submitted to a vote at a meeting of the members. At all meetings of the members at which a quorum is present, all questions shall be decided by a vote of a majority of the members voting thereon in person or by proxy, except as otherwise provided by law, or these Articles of Incorporation. No proxy shall be valid after sixty (60) days from the date of its execution, and the person so appointed may not vote at any meeting other than the one designated in the proxy or any adjournment or adjournments of such meeting. No person shall vote as proxy for more than three (3) members at any meeting of the members except upon the question of amendment of the Articles of Incorporation to increase the number of counties in which the Corporation may operate or on the question of mortgaging or otherwise encumbering any of the Corporation's property to secure loans made or to be made to the Corporation by the United States of America or any agency or instrumentality thereof, the National Rural Utilities Cooperative Finance Corporation, and any other agency where mortgage arrangements can be accommodated and approved by the Rural Utilities Service, in either of which cases a person may hold an unlimited number of proxies. If a husband and wife hold a joint membership they shall jointly be entitled to one (1) vote and no more upon each matter submitted to a vote at a meeting of the members.

SECTION 5. The private property of the members of the Corporation shall be exempt from execution for the debts of the Corporation and no member or incorporator shall be individually liable or responsible for any debts or liabilities of the Corporation.

SECTION 6. The Bylaws of the Corporation may fix other terms and conditions upon which persons shall be admitted to and retain membership in the Corporation not inconsistent with these Articles of Incorporation or the Act under which the Corporation is organized.

ARTICLE IX

SECTION 1. The Board of Directors shall have power to make and adopt such rules and regulations not inconsistent with these Articles of Incorporation or the Bylaws of the Corporation as it may deem advisable for the management, administration and regulation of the business and affairs of the Corporation.

SECTION 2. Directors of the Corporation shall be members thereof.

ARTICLE X

The Corporation may amend, alter, change or repeal any provision contained in these Articles of Incorporation in the manner now or hereafter prescribed by law.

IN WITNESS WHEREOF, We hereunto subscribe our names this 12th day of June, 1937.

(Signed) **William H. Rogers**
Kearney Adams
P. E. Hughes
Beeler Whitlock
Robinson Cook

STATEMENT OF NONDISCRIMINATION

Inter-County Energy Cooperative Corporation is the recipient of Federal financial assistance from the Rural Utilities Service, an agency of the U.S. Department of Agriculture, and is subject to the provisions of Title VI of the Civil Rights Act of 1964, as amended, Section 504 of the Rehabilitation Act of 1973, as amended, the Age Discrimination Act of 1975, as amended, and the rules and regulations of the U.S. Department of Agriculture which provide that no person in the United States on the basis of race, color, national origin, age, or disability shall be excluded from participation in, admission or access to, denied the benefits of, or otherwise be subjected to discrimination under any of this organization's programs or activities.

The person responsible for coordinating this organization's nondiscrimination compliance efforts is James L. Jacobus, President/CEO. Any individual, or specific class of individuals, who feels that this organization has subjected them to discrimination may obtain further information about the statutes and regulations listed above from and/or file a written complaint with this organization; or the Administrator, Rural Utilities Service, Stop 1510, 1400 Independence Avenue, SW, Washington, DC, 20250-1510; or the Director, Office of Civil Rights, Room 326-W, Whitten Building, 1400 Independence Avenue, SW, Washington, DC 20250-9410; or call (202) 720-5964 (voice or TDD). USDA is an equal opportunity provider and employer. Complaints must be filed within 180 days after the alleged discrimination. Confidentiality will be maintained to the extent possible.

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Articles of Incorporation
of
Licking Valley Rural Electric Cooperative Corporation

The incorporators whose names are hereunto signed, being natural persons and citizens of the Commonwealth of Kentucky, have executed these Articles of incorporation for the purpose of forming a cooperative corporation not organized for pecuniary profit pursuant to the "Rural Electric Cooperative Corporation Act" which was passed by the General Assembly of Kentucky at Special Session, 1936, and approved on January 18, 1937, in accordance with the following provisions

Article I

The name of the Corporation shall be "Licking Valley Rural Electric Cooperative Corporation."

Article II

The purpose or purposes for which the Corporation is formed are to promote and encourage the fullest possible use of electric energy in the Commonwealth of Kentucky by making electric energy available by production, transmission or distribution, or both, to or by otherwise securing the same for the inhabitants of and persons in rural areas of the Commonwealth of Kentucky at the lowest cost consistent with sound business methods and prudent management of the business of the Corporation and also by making available to the said inhabitants and persons electrical devices, equipment, wiring, appliances, fixtures and supplies and all kinds of tools, equipment and machinery (including any fixtures or property or both which may by its use be conducive to a more complete use of electricity or electric

energy) operated by electricity or electric energy and, without limiting the generality of the foregoing:

(a) To generate, manufacture, purchase, acquire and accumulate electric energy for its members and non-members to the extent permitted by the Act under which the Corporation is formed and to transmit, distribute, furnish, sell and dispose of such electric energy to its members and non-members to the extent permitted by the Act under which the Corporation is formed, and to construct, erect, purchase, lease as lessee and in any manner acquire, own, hold, maintain, operate, sell, dispose of, lease as lessor, exchange and mortgage plants, buildings, works, machinery, supplies, apparatus, equipment and electric transmission and distribution lines or systems necessary, convenient or useful for carrying out and accomplishing any or all of the foregoing purposes:

(b) to acquire, own, hold, use, exercise and, to the extent permitted by law, to sell, mortgage, pledge, hypothecate and in any manner dispose of franchises, rights, privileges, licenses, rights of way and easements necessary, useful or appropriate to accomplish any or all of the purposes of the Corporation.

(c) to purchase, receive, lease as lessee, or in any other manner acquire, own, hold, maintain, use, convey, sell, lease as lessor, exchange, mortgage, pledge or otherwise dispose of any and all real and personal property or any interest therein necessary, useful or appropriate to enable the Corporation to accomplish any or all of its purposes:

(d) to assist its members to wire their

premises and install therein electrical and plumbing appliances, fixtures, machinery, supplies apparatus and equipment of any and all kinds and character (including, without limiting the generality of the foregoing, such as are applicable to water supply and sewage disposal) and, in connection therewith and for such purposes, to purchase, acquire, lease, sell, distribute, install and repair electrical and plumbing appliances, fixtures, machinery, supplies apparatus, and equipment of any and all kinds and character (including without limiting the generality of the foregoing, such as are applicable to water supply and sewage disposal) and to receive, acquire, endorse, pledge, guarantee, hypothecate, transfer or otherwise dispose of notes and other evidences of indebtedness and all security therefor;

(e) to borrow money, to make and issue bonds, notes and for moneys borrowed or in payment for property acquired, or for any of the other objects or purposes of the Corporation; to secure the payment of such bonds, notes or other evidences of indebtedness by mortgage or mortgages, or deed or deeds of trust upon, or by the pledge of or other lien upon, any or all of the property, rights, privileges or permits of the Corporation, wherever situated, acquired or to be acquired;

(f) to do and perform, either for itself or its members, any and all acts and things, and to have and exercise any and all powers, as may be necessary or convenient to accomplish any or all of the foregoing purposes or as may be permitted by the Act under which the Corporation is formed, and to exercise any of its powers anywhere.

Article III

The principal office of the Corporation shall be located at West Liberty, in the County of Morgan, Commonwealth of Kentucky.

Article IV

The operations of the Corporation are to be conducted in the Counties of Morgan, Magoffin, Wolfe, Powell, Breathitt, Johnson and Elliott, and in such other Counties as such operation may from time to time become necessary or desirable in the interest of this Corporation or of its members.

Article V

The number of directors of the Corporation shall be not less than five (5) nor more than eleven (11). Unless otherwise provided in the bylaws, the number of directors shall be 7.

Article VI

The names and post office addresses of the directors who are to manage the affairs of the Corporation until the first annual meeting of the members or until their successors shall have been elected and shall have qualified, are:

<u>Name</u>	<u>Post Office Address</u>
C. P. Henry	West Liberty, Kentucky
Thomas Richardson	Cannel City, Kentucky
R. K. Nickell	Mize, Kentucky
C. H. Murphy	Campton, Kentucky
Arlie S. Cecil	Hazel Green, Kentucky
John O. Arnett	Sublett, Kentucky
W. P. Adams	Leatha, Kentucky

Article VII

The duration of the Corporation is: perpetual

Article VIII

Section 1. The Corporation shall have no capital stock, and the property rights and interests of each member shall be equal.

Section 2. Any person, firm, corporation or body politic may become a member in the Corporation by:

- (a) paying the membership fee specified in the bylaws;
- (b) agreeing to purchase from the Corporation electric energy as specified in the bylaws; and
- (c) agreeing to comply with and be bound by these articles of incorporation and the bylaws of the Corporation and any amendments thereto and such rules and regulations as may from time to time be adopted by the board of directors;

provided, however, that no person, firm, corporation or body politic shall become a member unless and until he or it has been accepted for membership by the board of directors or the members in the manner provided in the bylaws. No person, firm, corporation or body politic may own more than one (1) membership in the Corporation.

A husband and wife may jointly become a member and their application for a joint membership may be accepted in accordance with the foregoing provisions of this section provided the husband and wife comply jointly with the provisions of the above subdivisions (a), (b), and (c).

Section 3. Membership in the Corporation shall be terminated by death, cessation of existence, expulsion or withdrawal of the member as provided in the bylaws of the Corporation. Termination of membership in any manner shall operate as a release of all right, title and interest of the member in the property and assets of the Corporation; provided, however, that such termination of membership shall not release the member or his estate from the debts or liabilities of such member to the Corporation.

Section 4. Each member shall be entitled to one (1) vote and not more upon each matter submitted to a vote at a meeting of the members. At all meetings of the members at which a quorum is present, all questions

shall be decided by a vote of a majority of the members voting thereon in person or by proxy, except as otherwise provided by law, or these Articles of Incorporation. No proxy shall be valid after sixty (60) days from the date of its execution, and the person so appointed may not vote at any meeting other than the one designated in the proxy or any adjournment or adjournments of such meeting. No person shall vote as proxy for more than three (3) members at any meeting of the members except upon the question of amendment of the Articles of Incorporation to increase the number of counties in which the Corporation may operate or on the question of mortgaging or otherwise encumbering any of the Corporation's property to secure loans made or to be made to the Corporation by the United States of America or any agency or instrumentality thereof, in either of which cases a person may hold an unlimited number of proxies. If a husband and wife hold a joint membership, they shall jointly be entitled to one (1) vote and no more upon each matter submitted to a vote at a meeting of the members.

Section 5. The private property of the members of the Corporation shall be exempt from execution for the debts of the Corporation and no member or incorporator shall be individually liable or responsible for any debts or liabilities of the Corporation.

Section 6. The bylaws of the Corporation may fix other terms and conditions upon which persons shall be admitted to and retain membership in the Corporation not inconsistent with these articles of incorporation or the Act under which the Corporation is organized.

Article IX

Section 1. The board of directors shall have power to make and adopt such rules and regulations not inconsistent with these articles of incorporation or the bylaws of the Corporation as it may deem advisable for the management, administration and regulation of the business and affairs of the Corporation.

Section 2. Directors of the Corporation shall be members thereof.

Article I

The Corporation may amend, alter, change or repeal any provision contained in these articles of incorporation in the manner now or hereafter prescribed by law.

In Witness Whereof, we hereunto subscribe our names this 18 day of June, 1940.

W. P. Adams

Jno. G. Arnett

C. W. Murphy

Archie S. Cecil

R. K. Nickell

Thos. Richardson

C. P. Henry

State of Kentucky

ss.

County of Morgan.

I, C. K. Stacy, a Notary Public in and for said county and state do hereby certify that this instrument of writing from C. P. Henry, Thomas Richardson, R. K. Nickell, C. W. Murphy, Archie S. Cecil, John G. Arnett, W. P. Adams, was this day produced to me by the above parties and was acknowledged by the said C. P. Henry, Thomas Richardson, R. K. Nickell, C. W. Murphy, Archie S. Cecil,

John G. Arnett, W.P. Adams, to be their
act and deed.

Given under my hand and seal this 18
day of June, 1940.

My commission expires 8/15/40.

C. K. Stacy

(Seal)

Notary Public in and for
Morgan County, Kentucky

Approved 6-22-40

George Glenn Hatcher

Secretary of State

By C. W. McKay - Chief Corp. Clk.

State of Kentucky
County of Morgan

I, Stella Fannin, Clerk of the County Court in
and for the County and State aforesaid, do hereby
certify that the foregoing Articles of Incorporation were
lodged for record in my office on the 13 day of
July, 1940, whereupon the same, together with
the foregoing and this certificate have been duly
recorded in Articles of Incorporation Book No. 2
page 82.

Given under my hand this the 16 day
of July, 1940.

Stella Fannin, Clerk
Morgan County Court.

STATE OF KENTUCKY

CLERK OF THE
COURT

COUNTY OF MORGAN

I, Janis C. Williams, Clerk Morgan County court for the county and state aforesaid do hereby certify that the foregoing Article of Inc. is a true and correct copy from Article Inc. Book 1 at Page 82-89, as shown by the records of my office.

Given under my hand this the 4th day of OCT, 1970.

Janis C. Williams CLERK

AMENDMENT TO ARTICLES OF INCORPORATION OF LICKING VALLEY RURAL ELECTRIC COOPERATIVE CORPORATION

ARTICLE VIII

SECTION 4.

Each member shall be entitled to one (1) vote and no more upon each matter submitted to a vote at a meeting of the members, or upon any matter submitted to a vote of the members by mail only, as may be provided in the bylaws, or otherwise provided by law. At all meetings of the members at which a quorum is present all questions shall be decided by a vote of a majority of the members voting thereon in person or by mail, except as otherwise provided by law, or these Articles of Incorporation. All matters submitted to a vote of the membership by mail only shall be decided by a majority of the members voting hereon, except as otherwise provided by law, or these Articles of Incorporation. If a husband and wife hold a joint membership, they shall jointly be entitled to one (1) vote and no more upon each matter submitted to a vote at a meeting of the members, or submitted to a vote of the membership by mail only.

(SEAL)

ATTEST:

The foregoing is a true and correct copy of an amendment to the Articles of Incorporation of Licking Valley Rural Electric Cooperative Corporation, duly adopted by said corporation pursuant to K. R. S. 279.050, on July 18, 1978.

Original copy filed
Secretary of State of Ky.
Frankfort, Ky.
August 29, 1978
Drexell R. Davis
Secretary of state
SLP

C. W. Murphy

Secretary

The affiants, Joe D. Stacy and C. W. Murphy, first being duly sworn, state that they are the President and Secretary, respectively, of Licking Valley Rural Electric Cooperative Corporation, and that the foregoing amendment to the Articles of Incorporation for said corporation was duly adopted July 18, 1978.

Joe D. Stacy

Joe D. Stacy, President

STATE OF KENTUCKY)
COUNTY OF MORGAN) SCT.

C. W. Murphy

C. W. Murphy, Secretary

The foregoing instrument was subscribed, sworn to and acknowledged before me this 17th day of August, 1978, by Joe D. Stacy, President, and C. W. Murphy, Secretary, of Licking Valley Rural Electric Cooperative Corporation, a Kentucky corporation, on behalf of said corporation.

Thomas L. Miller

Notary Public, State of Kentucky at Large

My commission expires: June 1, 1981.

STATE OF KENTUCKY }
COUNTY OF MORGAN } SCT.

I, Janis C. Williams, Clerk Morgan County Court for the county and state aforesaid do hereby certify that the foregoing Articles of Incorporation Amendment was on the 21 day of September, 1978 lodged for record whereupon the foregoing and this certificate have been duly recorded in my office.

Given under my hand this the 21 day of September, 1978

Janis C. Williams CLERK

BY: _____ D.C.

STATE OF KENTUCKY
COUNTY OF MORGAN

§
§
§
SCT.

I, Janis C. Williams, Clerk Morgan County court for the
county and state aforesaid do hereby certify that the foregoing Att.
of Inc is a true and correct copy from AOI Book 3
at Page 148, as shown by the records of my office.
Given under my hand this the 4 day of Oct, 1990

Janis C. Williams CLERK
Randall Williams 10.5

ARTICLES OF AMENDMENT
OF
AMENDED ARTICLES OF INCORPORATION
OF
SALT RIVER RURAL ELECTRIC COOPERATIVE CORPORATION
(name changed to SALT RIVER ELECTRIC COOPERATIVE CORPORATION)

The incorporators whose names are hereunto signed, being natural persons and citizens of the Commonwealth of Kentucky, have executed these Articles of Incorporation for the purpose of forming a cooperative corporation not organized for pecuniary profit pursuant to the "Rural Electric Cooperative Corporation Act" which was passed by the General Assembly of Kentucky at Special Session, 1936, and approved on January 18, 1937, in accordance with the following provisions:

ARTICLE I

The name of the Corporation shall be "Salt River Electric Cooperative Corporation."

ARTICLE II

The purpose or purposes for which the Corporation is formed are to engage in any lawful business or act, as authorized by law.

ARTICLE III

The principal office of the Corporation shall be located at Bardstown, in the County of Nelson, Commonwealth of Kentucky.

ARTICLE IV

The operations of the Corporation are to be conducted in the Counties of Nelson, Washington, Spencer, Bullitt and in such other counties as such operations may from time to time become necessary or desirable in the interest of this Corporation or of its members, as allowed by law.

ARTICLE V

SECTION 1. General Powers. Effective for the fiscal year beginning immediately after the Annual Meeting in the summer of 1977 and thereafter, the business and affairs of the Cooperative shall be managed by a board of six (6) directors which shall exercise all of the powers of the Cooperative except such as are by law, the Articles of Incorporation or the Bylaws conferred upon or reserved to the members. Each director shall reside in the district which he or she is to represent and be elected by the members residing in that district, except vacancies for an unexpired portion of a term may be filled by the affirmative vote of a majority of the remaining board members for the unexpired portion.

SECTION 2. Districts. Effective for the fiscal year beginning immediately after the Annual Meeting in the summer of 1977 and thereafter, the territory served or to be served by the Cooperative shall be divided into four (4) districts. Each district shall have one, but not more than

one, director except Districts 1 and 2 which shall each have two directors. The four districts shall be as follows:

- District No. 1 - Embraces all members residing in Nelson County and those members who reside in an adjacent county but are served from Nelson County.
- District No. 2 - Embraces all members residing in Bullitt County and those members who reside in an adjacent county but are served from Bullitt County.
- District No. 3 - Embraces all members residing in Spencer County and those members who reside in an adjacent county but are served from Spencer County.
- District No. 4 - Embraces all members residing in Washington County and those members who reside in an adjacent county but are served from Washington County.

SECTION 3. Tenure of Office. The regular tenure of office for each director shall be three (3) years or until his successor is elected and qualified. The term of office of directors shall be arranged so that ultimately and normally two (2) directors shall be elected each year for a three (3) year term. To implement the transaction from a board of five directors to a board of six directors and the applicable provisions of Article V herein, the three incumbent directors and the two directors elected in the 1976 election, after being officially sworn in, shall constitute the Board of Directors for the fiscal year that ends with the Annual Meeting in the summer of 1977; and thereafter they or their successors shall complete the terms for which that have been elected or appointed and directors shall be elected in the years and for the terms hereinafter specified so that the board shall be composed of six directors effective on the date set out in Section 1 hereof.

- 1977 - One director from District 2 for a two year term; two directors from District 1 for three-year terms.
- 1978 - One director from District 4 for a three-year term.
- 1979 - One director from District 3 for a two year term; two directors from District 2 for three year term.
- 1980 - and each three years thereafter - two directors from District 1 for a three-year term.
- 1981 - and each three years thereafter - one director from District 4 for a three-year term; one director from District 3 for a three-year term.
- 1982 - and each three years thereafter - Two directors from District 2 for a three-year term.

ARTICLE VI

The duration of the Corporation is: perpetual.

ARTICLE VII

Section 1. The Corporation shall have no capital stock, and the property rights and interests of each member shall be equal.

Section 2. The subscribers to these Articles of Incorporation shall be members of the Corporation. In addition to the undersigned incorporators any person, firm, association, corporation, business trust, partnership or body politic may become a member in the Corporation by: (a) paying in full such membership fee as shall be specified in the Bylaws of the Corporation; (b) agreeing to purchase from the Corporation the amount of electric energy hereinafter in Section 3 of this Article specified; and (c) agreeing to comply with and be bound by these Articles of Incorporation and the Bylaws of the Corporation and any amendments thereto and by such rules and regulations as may from time to time be adopted by the Board of Directors of the Corporation; provided, however, that no person, firm, association, corporation, business trust, partnership or body politic except the undersigned incorporators, or any person, firm, association, corporation, business trust, partnership or body politic accepted for membership by the members at any meeting thereof, shall become a member in the Corporation unless and until he or it has been accepted for membership by the affirmative vote of a majority of the members of the Board of Directors of the Corporation.

Section 3. Each member shall, as soon as electric energy shall be available, purchase from the Corporation all electric energy used on the premises specified in his application for membership, and shall pay therefor monthly at rates which shall from time to time be fixed by the board of directors; provided, however, that the board of directors may limit the amount of electric energy which the Corporation shall be required to furnish to any one member. It is expressly understood that amounts paid for electric energy in excess of the cost of service are furnished by members as capital and each member shall be credited with the capital so furnished as provided in these Bylaws. Each member shall pay to the Corporation such minimum amount per month regardless of the amount of electric energy consumed, as shall be fixed by the board of directors from time to time. Each member shall also pay all amounts owed by him to the Corporation as and when the same shall become due and payable.

Section 4. The Board of Directors may, by an affirmative vote of not less than two-thirds (2/3) of the members thereof, expel any member of the Corporation who shall have violated or refused to comply with any of the provisions of the Articles of Incorporation or the Bylaws of the Corporation or any rules or regulations adopted from time to time by the Board of Directors.

Section 5. Any member of the Corporation may withdraw from membership upon payment in full of all of his debts and liabilities to the Corporation and upon compliance with and performance of such terms and conditions as the Board of Directors may prescribe.

Section 6. Membership in the Corporation shall not be transferable, and upon the death, cessation of existence, expulsion or withdrawal of a

member, the membership of such member shall thereupon terminate. Subject to the payment of all debts and liabilities of a member to the Corporation, upon the death, cessation of existence, expulsion or withdrawal of a member, the Corporation shall pay to such member or his personal representative, any amount due or to become due, as determined by the Board of Directors. The termination of membership by death, cessation of existence, expulsion or withdrawal shall not release the members from the debts of liabilities of such member to the Corporation.

In case of withdrawal or termination of membership in any manner, the Cooperative shall repay to the member the amount of the membership fee paid in cash by him, provided, however, that the Cooperative shall deduct from the amount of the membership fee the amount of any debts or obligations owing from the member to the Cooperative; and, provided further, however, that any membership fee which has been paid, in whole or in part, by the application of capital credited to the account of a non-member patron as provided in these Bylaws, shall be repaid to the member only in accordance with the provisions of these Bylaws with respect to the retirement of patronage capital.

Section 7. Membership in the Corporation shall be in such form and shall contain such provisions as shall be determined by the Board of Directors not contrary to or inconsistent with the Articles of Incorporation or the Bylaws of the Corporation.

Section 8. No membership shall be issued for less than the membership fee specified in the Bylaws of the Corporation, nor until such membership fee has been fully paid for in cash and such payment has been deposited with the Treasurer of the Corporation.

Section 9. No member may own more than one membership in the Corporation and each member shall be entitled to one (1) vote and no more upon each matter submitted to a vote at any meeting of the members of the Corporation. Conditions for joint memberships may be provided for in the Bylaws.

Section 10. At all meetings of members a member may vote by proxy executed in writing by the member. Such proxy shall be filed with the Secretary of the Corporation in such manner and times as shall be provided in the Bylaws. No proxy shall be valid after sixty (60) days from the date of its execution, and the proxy so appointed may not vote at any meeting other than the one designated in the proxy or any adjournment or adjournments of such meeting.

ARTICLE VIII

Section 1. The Bylaws of the Corporation may fix such other terms and conditions upon which members shall be admitted to and retain membership in the Corporation not inconsistent with these Articles of Incorporation.

Section 2. The Board of Directors shall have power to make and adopt such rules and regulations not inconsistent with these Articles of Incorporation or the Bylaws of the Corporation as it may deem advisable for the management, administration and regulations of the business and affairs of the Corporation. The Board of Directors may rotate the capital credits

of the members in any lawful manner, so long as said rotation does not jeopardize the financial stability of the Cooperative.

Section 3. Neither the incorporators nor any other member of the Corporation shall be personally responsible for any debt, obligation or liability of the Corporation.

Section 4. The Directors of the Corporation shall be members thereof.

ARTICLE IX

It is the intent of these Articles that the Directors shall be able to adopt the Capital Credits System of Finance; and also to repay members, under certain conditions, part of their membership fee.

ARTICLE X

The Corporation may amend, alter, change or repeal any provisions contained in these Articles of Incorporation in the manner now or hereafter prescribed by law.

On the 5th day of February, 1992, the foregoing Articles of Amendment of the Amended Articles of Incorporation of Salt River Rural Electric Cooperative Corporation were approved by a unanimous vote of the Board of Directors of Salt River Rural Electric Cooperative Corporation.

IN TESTIMONY WHEREOF Witness the name of the Salt River Rural Electric Cooperative Corporation's President and Secretary, this 5th day of February, 1992.

SALT RIVER RURAL ELECTRIC
COOPERATIVE CORPORATION

BY: Joseph Tichenor
Joseph Tichenor, President

John D. Sutton
John D. Sutton, Secretary

RECEIVED & FILED
Ch. 1602
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60202
STATE
OF KENTUCKY

STATE OF KENTUCKY

COUNTY OF NELSON, SCT.

Personally appeared before me, a Notary Public in and for the county and state aforesaid, JOSEPH TICHENOR, President of Salt River Rural Electric Cooperative Corporation and JOHN D. SUTTON, Secretary of said

corporation, both of whom subscribed the foregoing in my presence and acknowledged the same to be their act and deed.

This 5th day of February, 1992.

James C. Hedgepeth
NOTARY PUBLIC, NELSON COUNTY, KENTUCKY
My Commission Expires: 3/21/95

KNOW ALL MEN BY THESE PRESENTS:

That the President and the Secretary of Salt River Electric Cooperative Corporation do hereby certify that at a Special Meeting of the members of Salt River Electric Cooperative Corporation, formerly Salt River Rural Electric Cooperative Corporation, a Kentucky corporation, held on April 2, 1992, at 2:00 p.m., and duly called upon notice of not less than ten nor more than twenty-five days with notice of the specific purpose for said meeting, and said notice containing or being accompanied by a copy or summary of the proposed Articles of Amendment, a resolution was adopted by a majority of votes entitled to be cast by the members present in person or by proxy and voting at said meeting, whereby Articles of Amendment of the Amended Articles of Incorporation of Salt River Electric Cooperative Corporation were amended so that, as amended, the Article shall read as immediately hereinabove specified.

IN TESTIMONY WHEREOF Witness the signatures of the President and Secretary of Salt River Electric Cooperative Corporation, on this 2nd day of April, 1992.

SALT RIVER ELECTRIC COOPERATIVE CORPORATION

BY: Joseph Tichenor
Joseph Tichenor, President

BY: John D. Sutton
John D. Sutton, Secretary

STATE OF KENTUCKY

COUNTY OF NELSON, SCT.

Personally appeared before me, a Notary Public in and for the county and state aforesaid, JOSEPH TICHENOR, President of Salt River Electric Cooperative Corporation and JOHN D. SUTTON, Secretary of said corporation, both of whom subscribed the foregoing in my presence and acknowledged the same to be their act and deed.

This 2nd day of April, 1992.

James C. Hedgepeth
NOTARY PUBLIC, NELSON COUNTY, KENTUCKY
My Commission Expires: 3/21/95

BOOK 7

PAGE 105

ARTICLES OF AMENDMENT
TO THE
ARTICLES OF INCORPORATION
OF
SHELBY RURAL ELECTRIC COOPERATIVE
CORPORATION

RECEIVED & FILED
Ce JFW
JUN 20 11 06 AM '97
JOHN Y. BROWN III
SECRETARY OF STATE
COMMONWEALTH OF KENTUCKY
John Y. Brown III

Shelby Rural Electric Cooperative Corporation adopts the following amended articles to its Articles of Incorporation:

ARTICLE I

The name of the Corporation shall be "Shelby Energy Cooperative, Inc.", (hereinafter referred to as the "Corporation").

ARTICLE II

The purpose or purposes for which the Corporation is formed are to promote and encourage the fullest possible use of electric and other energy in the Commonwealth of Kentucky by making electric, gas, and other energy available by production, transmission or distribution, or both, to or by otherwise securing the same for the inhabitants of and persons in rural areas of the Commonwealth of Kentucky at the lowest cost consistent with sound business methods and prudent management of the business of the Corporation and also by making available to the said inhabitants as aforesaid electric and other energy devices, equipment, wiring, appliances, fixtures and supplies and all kinds of tools, equipment and machinery (including any fixtures or property or both which may by its use be conducive to a more complete use of electricity, gas, or other energy sources) operated by electric, gas, or other energy and, without limiting the generality of the foregoing:

a) To generate, manufacture, purchase, acquire and accumulate electric, gas, or other energy for its members and non-members to the extent permitted by the Act under which the Corporation is formed and to transmit, distribute, furnish, sell and dispose of such electric, gas, or other energy to its members and non-members to the extent permitted by the Act under which the Corporation is formed, and to construct, erect, purchase, lease as lessee and in any manner acquire, own, hold, maintain, operate, sell, dispose of, lease as lessor, exchange and mortgage plants, buildings, works, machinery, supplies, apparatus, equipment, and electric, gas, or other energy transmission and distribution lines or systems necessary, convenient or useful for carrying out and accomplishing any or all of the foregoing purposes;

b) To acquire, own, hold, use, exercise and, to the extent permitted by law, to sell, mortgage, pledge, hypothecate and in any manner dispose of franchises, rights, privileges, licenses, rights of way and easements necessary, useful or appropriate to accomplish any or all of the purposes of the Corporation;

c) To purchase, receive, lease as lessee, or in any other manner acquire, own, hold, maintain, use, convey, sell, lease as lessor, exchange, mortgage, pledge or otherwise dispose of any and all real and personal property or any interest therein necessary, useful or appropriate to enable the Corporation to accomplish any or all of its purposes;

d) To assist its members to wire their premises and install therein electrical, gas, and other energy and plumbing appliances,

fixtures, machinery, supplies, apparatus and equipment of any and all kinds and character (including, without limiting the generality of the foregoing, such as are applicable to water supply and sewage disposal) and, in connection therewith and for such purposes, to purchase, acquire, lease, sell, distribute, install and repair electrical, gas, or other energy and plumbing appliances, fixtures, machinery, supplies, apparatus and equipment of any and all kinds and character (including, without limiting the generality of the foregoing, such as are applicable to water supply and sewage disposal) and to receive, acquire, endorse, pledge, guarantee, hypothecate, transfer or otherwise dispose of notes and other evidences of indebtedness and all security therefor;

e) To borrow money, to make and issue bonds, notes and other evidences of indebtedness, secured or unsecured, for moneys borrowed or in payment for property acquired, or for any of the other objects or purposes of the Corporation; to secure the payment of such bonds, notes or other evidences of indebtedness by mortgage or mortgages, or deed or deeds of trust upon, or by the pledge of or other lien upon, any or all of the property, rights, privileges or permits of the Corporation, wheresoever situated, acquired or to be acquired; and

f) To do and perform, either for itself or its members, any and all acts and things, and to have and exercise any and all powers, as may be necessary or convenient to accomplish any or all of the foregoing purposes or as may be permitted by the Act under which the Corporation is formed, and to exercise any of its powers anywhere.

ARTICLE VIII

Section 1. The Corporation shall have no capital stock, and the property rights and interests of each member shall be equal.

Section 2. Any person, firm, association, corporation or body politic or subdivision thereof will become a member of the Corporation upon receipt of electric service from the Corporation, provided that he or it has first:

- a) Made a written application for membership therein;
- b) Agreed to purchase from the Corporation electric energy;
- c) Agreed to comply with and be bound by these Articles of Incorporation and the Bylaws of the Corporation and any rules and regulations adopted by the Board of Directors, and
- d) Paid the membership fee, if any, specified in the Bylaws of the Corporation.

Section 3. Each member shall, as soon as electric energy shall be available, purchase from the Corporation all electric energy used on the premises specified in his application for membership, and shall pay therefor monthly at rates which shall from time to time be fixed by the Board of Directors; provided, however, that the Board of Directors may limit the amount of electric energy which the Corporation shall be required to furnish to any one member. It is expressly understood that amounts paid for electric energy in excess of the cost of service are furnished

by members as capital and each member shall be credited with the capital so furnished as provided in the Bylaws. Each member shall pay to the Corporation such minimum amount per month regardless of the amount of electric energy consumed, as shall be fixed by the Board of Directors from time to time. Each member shall also pay all amounts owed by him to the Corporation as and when the same shall become due and payable.

Section 4. The Board of Directors may, by the affirmative vote of not less than two-thirds (2/3) of the members thereof, expel any member of the Corporation who shall have violated or refused to comply with any of the provisions of the Articles of Incorporation or the Bylaws of the Corporation or any rules or regulations adopted.

Section 5. Any member of the Corporation may withdraw from membership upon payment in full of all of his debts and liabilities to the Corporation and upon compliance with and performance of such terms and conditions as the Board of Directors may prescribe.

Section 6. Membership in the Corporation and the certificate representing the same, if any, shall not be transferable, and upon the death, cessation of existence, expulsion or withdrawal of a member, the membership of such member shall thereupon terminate, and his or its certificate of membership shall be surrendered to the Corporation. Subject to the payment of all debts and liabilities of a member to the Corporation, upon any such termination of membership and the surrender of his or its membership certificate, if any, the Corporation shall pay to each

member or his personal representative, an amount equal to the membership fee, if any, paid by such member; provided, however, that any membership fee which has been paid, in whole or in part, by the application of capital credited to the account of a non-member patron as provided in the Bylaws, shall be repaid to the member only in accordance with the provisions of the Bylaws with respect to the retirement of patronage capital. Termination of membership by death; cessation of existence, expulsion or withdrawal shall not release the member from the debts or liabilities of such member to the Corporation. In case of a lost, destroyed or mutilated certificate, a new certificate may be issued therefor upon such terms and such indemnity to the Corporation as the Board of Directors may prescribe.

Section 7. Membership in the Corporation may be evidenced by a certificate of membership which shall be in such form and shall contain such provisions as shall be determined by the Board of Directors not contrary to or inconsistent with the Articles of Incorporation or the Bylaws of the Corporation, nor until such membership fee, if any, has been fully paid for in cash and such payment has been deposited with the Treasurer of the Corporation.

Section 8. No member may own more than one membership in the Corporation and each member shall be entitled to one (1) vote and no more upon each matter submitted to a vote at any meeting of the members of the Corporation.

Section 9. At all meetings of members, a member may vote by proxy executed in writing by the member. Such proxy shall be

filed with the Secretary of the Corporation before or at the time of the meeting. No proxy shall be valid after sixty (60) days from the date of its execution and the proxy so appointed may not vote at any meeting other than the one designated in the proxy or any adjournment or adjournments of such meeting.

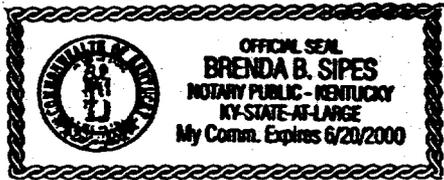
ARTICLE X

Subject to the provisions of any mortgage given by the Corporation and within sixty (60) days after expiration of each fiscal year, the Board of Directors, after paying or providing for the payment of all operating expenses for a reasonable period, and all interest and installments on account of the principal of notes, bonds or other evidences of indebtedness of the Corporation which shall have become due and be unpaid, or which shall have accrued at the end of the fiscal year but which shall not be then due, and after paying or making provision for the payment of all taxes, insurance and all other non-operating expenses which shall have become due and be unpaid, and all taxes, insurance and all other non-operating expenses which shall have accrued at the end of the fiscal year but which shall not be then due, shall apply the revenues and receipts of the Corporation remaining thereafter for the following purposes and in the following order of priority;

1. The establishment and maintenance of a reserve for the payment of interest on and principal of all outstanding notes, bonds or other evidences of indebtedness of the Corporation in an amount which shall equal the amount of principal and interest required to be

President, Shelby Rural Electric Cooperative Corporation, this the
18th day of June, 1997.

My commission expires: 6-20-2000.



Brenda B. Sipes
NOTARY PUBLIC
State-at-Large, Kentucky

This instrument prepared by:

Mathis, Riggs, Prather & Dean, P.S.C.
P.O. Box 1059, 500 Main St.
Shelbyville, KY 40066-1059
(502) 633-5220

By: [Signature]
Donald T. Prather

2RECC\AMEN-ART.REV
6-16-97

UMENT NO: 76126
CORDED ON JUNE 26, 1997 03:53:11PM
TAL FEES: \$21.00
UNTY CLERK: SUE CAROLE PERRY
UNTY: SHELBY COUNTY
PUTY CLERK: REGENIA COX

327

- (a) Made a written application for membership therein;
- (b) Agreed to purchase from the Corporation electric energy as hereinafter specified;
- (c) Agreed to comply with and be bound by these Articles of Incorporation and Bylaws of the Corporation and any rules and regulations adopted by the Board of Directors, and
- (d) Paid the membership fee specified in the Bylaws of the Corporation.

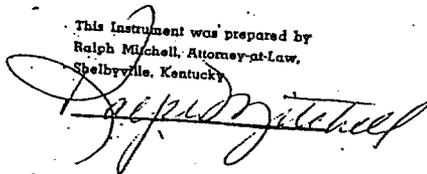
In witness whereof, said Joe Butler, Vice-President, and Dudley H. Scearce, Secretary and Treasurer of Shelby Rural Electric Cooperative Corporation, acting for and on behalf of said Corporation, have hereunto subscribed their names this 18 day of July, 1972.

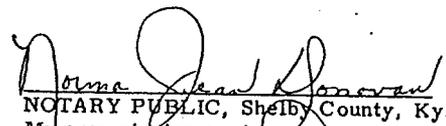

JOE BUTLER, Vice-President


DUDLEY H. SCEARCE, Secretary & Treasurer

The foregoing amendment to the Articles of Incorporation was signed and acknowledged before me by Joe Butler, Vice-President and Dudley H. Scearce, Secretary and Treasurer of the Shelby Rural Electric Cooperative Corporation, this July 18, 1972.

This instrument was prepared by
Ralph Mitchell, Attorney-at-Law,
Shelbyville, Kentucky




NOTARY PUBLIC, Shelby County, Ky.
My commission expires

January 17, 1974

ARTICLES OF INCORPORATION
OF

RURAL ELECTRIC COOPERATIVE CORPORATION

Shelby

The incorporators whose names are hereunto signed, being natural persons and citizens of the Commonwealth of Kentucky, have executed these articles of Incorporation for the purpose of forming a cooperative corporation not organized for pecuniary profit pursuant to the "Rural Electric Cooperative Corporation Act" which was passed by the General Assembly of Kentucky at Special Session, 1936, and approved on January 18, 1937, in accordance with the following provisions:

ARTICLE I.

The name of the Corporation shall be "Shelby Rural Electric Cooperative Corporation."

ARTICLE II.

The purpose or purposes for which the Corporation is formed are to promote and encourage the fullest possible use of electric energy in the Commonwealth of Kentucky by making electric energy available by production, transmission or distribution, or both, to or by otherwise securing the same for the inhabitants of and persons in rural areas of the Commonwealth of Kentucky at the lowest cost consistent with sound business methods and prudent management of the business of the Corporation and also by making available to the said inhabitants as aforesaid electrical devices, equipment, wiring, appliances, fixtures and supplies and all kinds of tools, equipment and machinery (including any fixtures or property or both which may by its use be conducive to a more complete use of electricity or electric energy) operated by electricity or electric energy and, without limiting the generality of the foregoing:

(a) To generate, manufacture, purchase, acquire and accumulate electric energy for its members and non-members to the extent permitted by the act under which the corporation is formed and to transmit, distribute, furnish, sell and dispose of such electric energy to its members and non-members to the extent permitted by the act under which the Corporation is formed, and to construct, erect, purchase, lease as lessee and in any manner acquire, own, hold, maintain, operate, sell, dispose of, lease as lessor, exchange and mortgage plots, buildings, works, machinery, supplies, apparatus, equipment and electric transmission and distribution lines or systems necessary, convenient or useful for carrying out and accomplishing any or all of the foregoing purposes;

(b) To acquire, own, hold, use, exercise, and to the extent permitted by law, to sell, mortgage, pledge, hypothecate and in any manner dispose of franchises, rights, privileges, licenses rights of way and easements necessary, useful or appropriate to accomplish any or all of the purposes of the Corporation;

(c) To purchase, receive, lease as lessee, or in any other manner acquire, own, hold, maintain, use, convey, sell, lease as lessor, mortgage, pledge or otherwise dispose of any and all real and personal property or any interest therein necessary, useful or appropriate to enable the Corporation to accomplish any or all of its purposes;

(d) To assist its members to wire their premises and install therein electrical and plumbing appliances, fixtures, machinery, supplies, apparatus and equipment of any and all kinds and character (including, without limiting the generality of the foregoing, such as are applicable to water supply and sewage disposal) and,

distribute, install and repair electrical and plumbing appliances, fixtures, machinery, supplies, apparatus and equipment of any and all kinds and character (including without limiting the generality of the foregoing, such as are applicable to water supply and sewage disposal) and to receive, acquire, endorse, pledge, guarantee, hypothecate, transfer or otherwise dispose of notes and other evidences of indebtedness and all security therefor:

(e) To borrow money, to make and issue bonds, notes and other evidences of indebtedness, secured or unsecured, for moneys borrowed or in payment for property acquired, or for any of the other objects or purposes of the Corporation; to secure the payment of such bonds, notes or other evidences of indebtedness by mortgage or mortgages, or deed or deeds of trust upon, or by the pledge of or other lien upon, any or all of the property, rights, privileges or permits of the Corporation, wheresoever situated, acquired or to be acquired;

(f) To do and perform, either for itself or its members, any and all acts and things, and to have and exercise any and all powers, as may be necessary or convenient to accomplish any or all of the foregoing purposes or as may be permitted by the act under which the Corporation is formed and to exercise any of its powers anywhere.

Article III

The principal office of the Corporation shall be located at Shelbyville, in the County of Shelby, Commonwealth of Kentucky.

Article IV

The operations of the Corporation are to be conducted in the County of Shelby and in such other counties as such operations may from time to time become necessary or desirable in the interest of this Corporation or of its members.

Article V

The number of directors of the Corporation shall be 5/

Article VI

The names and post office addresses of the directors who are to manage the affairs of the Corporation until the first annual meeting of the members or until their successors shall have been elected shall have qualified are:

<u>Names</u>	<u>Post Office Address</u>
Alex B. Veach	Finchville, Kentucky
Howard Searce	Shelbyville, Kentucky
G. T. Kent	Madras, Kentucky
Ralph D. Searce	Shelbyville, Kentucky
E. Guthrie Jesse	Waddy, Kentucky

Article VII.

The duration of the Corporation is: perpetual.

Article VIII

Section 1. The Corporation shall have no capital stock, and the property rights and interest of each member shall be equal.

Section 2. The subscribers to these Articles of Incorporation shall be members of the Corporation. In addition to the undersigned incorporators any person, firm, association, corporation, business trust, partnership or body politic may become a member in the Corporation by: (a) paying in full such membership fee as shall be specified by the By-Laws of the Corporation; (b) agree-

In Section 3 of this article specified; and (c) agreeing to comply with and be bound by these articles of Incorporation and by-laws of the Corporation and any amendments thereto and by such rules and regulations as may from time to time be adopted by the Board of Directors of the Corporation; provided, however, that no person, firm, association, corporation business trust, partnership or body politic except the undersigned, or any person, firm, association, corporation business trust, partnership or body politic accepted for membership by the members at any meeting thereof, shall become a member in the Corporation unless and until he or it has been accepted for membership by the affirmative vote of a majority of the members of the Board of Directors of the Corporation.

Section 3. Each member shall, as soon as electric energy shall be available, purchase from the Corporation monthly not less than the minimum amount of electric energy which shall from time to time be determined by a resolution of the Board of Directors of the Corporation and shall pay therefor, and for all additional electric energy used by such member, the price which from time to time shall be fixed therefor by resolution of the Board of Directors. Each member shall also pay all obligations which may from time to time become due and payable by such member to the Corporation as and when the same shall become due and payable.

Section 4. The Board of Directors may, by the affirmative vote of not less than two thirds (2/3) of the members thereof, expel any member of the Corporation who shall have violated or refused to comply with any of the provisions of the articles of Incorporation the By-Laws of the Corporation or any rules or regulations adopted from time to time by the Board of Directors.

Section 5. Any member of the Corporation may withdraw from membership upon payment in full of all of his debts and liabilities to the Corporation and upon compliance with and performance of such terms and conditions as the Board of Directors may prescribe.

Section 6. Memberships in the Corporation and the certificate representing the same shall not be transferable, and upon the death, cessation of existence, expulsion or withdrawal of a member, the membership of such member shall thereupon terminate and his or its certificate of membership shall be surrendered to the Corporation. Subject to the payment of all debts and liabilities of a member to the Corporation, upon the death, cessation of existence, expulsion or withdrawal of a member and the surrender of his or its membership certificate, the Corporation shall pay to such member or his personal representative, an amount equal to the value of his or its membership as appraised by the Board of Directors. The termination of membership by death, cessation of existence, expulsion or withdrawal shall not release the member from the debts or liabilities of such member to the Corporation.

Section 7. Membership in the Corporation shall be evidenced by a certificate of membership which shall be in such form and shall contain such provisions with the articles of Incorporation or the By-Laws of the Corporation. Such certificate shall be signed by the President and by the Secretary of the Corporation and shall be sealed with its corporate seal.

Section 8. No membership shall be issued for less than the membership fee specified in the By-Laws of the Corporation, nor until such membership fee has been fully paid for in cash and such payment has been deposited with the Treasurer of the Corporation.

matter submitted to a vote at any meeting of the members of the Corporation.

Section 10. At all meetings of members a member may vote by proxy executed in writing by the member. Such proxy shall be filed with the Secretary of the Corporation before or at the time of the meeting. No proxy shall be valid after sixty (60) days from the date of its execution and the proxy so appointed may not vote at any meeting other than the one designated in the proxy or any adjournment of adjournments of such meeting.

Article IX

Section 1. The By-Laws of the Corporation may fix such other terms and conditions upon which members shall be admitted to and retain membership in the Corporation not inconsistent with these articles of Incorporation or the act under which it is organized.

Section 2. The board of Directors shall have power to make and adopt such rules and regulations not inconsistent with these articles of Incorporation or the by-Laws of the Corporation as it may deem advisable for the management, administration and regulation of the business and affairs of the Corporation.

Section 3. Neither the incorporators nor any other member of the Corporation shall be personally responsible for any debt, obligation or liability of the Corporation.

Article X

Subject to the provisions of any mortgage by the Corporation and within sixty (60) days after the expiration of each fiscal year the Board of Directors, after paying or providing for the payment of all operating expenses of the Corporation including an amount for prospective operating expenses for a reasonable period, and all interest and installments on account of the principal of notes, bonds or other evidences of indebtedness of the Corporation which shall have become due and be unpaid, or which shall have accrued at the end of the fiscal year but which shall not be then due, and after paying or making provision for the payment of all taxes, insurance and all other non-operating expenses which shall have become due and be unpaid, and all taxes, insurance and all other non-operating expenses which shall have accrued at the end of the fiscal year but which shall not be then due, shall apply the revenues and receipts of the Corporation remaining thereafter for the following purposes and in the following order of priority;

1. the establishment and maintenance of a reserve for the payment of interest on and principal of all outstanding notes, bonds or other evidences of indebtedness of the Corporation in an amount which shall equal the amount of principal and interest required to be paid in respect of such notes, bonds or other evidences of indebtedness during the ensuing fiscal year;

2. the establishment and maintenance of a general reserve fund for working capital, insurance, taxes, depreciation, obsolescence, and contingencies in an amount which the Board of Directors shall deem reasonable;

and all revenues and receipts not used for the above and foregoing purposes shall be returned, paid or abated to the members as a patronage dividend or refund on the basis and in the manner provided in the act under which the Corporation is organized, provided, however, that in no case shall any such patronage dividend or refund be returned, paid or abated to any member who is indebted to the Corporation until such indebtedness is paid or arrangements in respect thereof satisfactory to the Board of Directors shall be made.

The Corporation may amend, alter, change or repeal any provision contained in the Articles of Incorporation in the manner now or hereafter prescribed by law.

IN WITNESS WHEREOF, we herewith subscribe our names this 12th day of June, 1937.

Alex B. Veach
Howard Pearce
G. T. Kent
Ralph D. Searce
E. Guthrie Jesse

State of Kentucky
County of Shelby SS.

I, Ruth Pawter, a Notary Public in and for said County and state do hereby certify that this instrument of writing from Alex B. Veach, Howard Pearce, G. T. Kent, Ralph D. Searce and E. Guthrie Jesse was this day produced to me by the above parties and was acknowledged by the said Alex B. Veach, Howard Pearce, G. T. Kent, Ralph D. Searce and E. Guthrie Jesse to be their act and deed.

Given under my hand and seal this 12th day of June, 1937.

My commission expires Jan. 30, 1938.

Seal Ruth Pawter, Notary Public in and for Shelby County, KENTUCKY.

EXAMINED AND APPROVED, THIS JUNE 14th, 1937.

Chas. D. Arnett, Secretary of State, Commonwealth of Kentucky
By Ora L. Adams, Assistant.

SEAL

State of Kentucky
County of Shelby SCF.

I, Lucy L. Ford, Clerk of the Shelby County Court, certify that the foregoing articles of Incorporation was this day lodged in my office for record, and I have recorded it and this and the foregoing certificate in my said office.

Witness my hand this June 15, 1937, I, Sue Carol Perry, Clerk of the Shelby County Court

Lucy L. Ford, Clerk hereby certify that the foregoing contains a full, true and correct copy as taken from and compared with the original records in my office, of which I am Legal Custodian, and that said

is recorded in Book 2

Page 87

Witness my hand this 12 day Feb of 19 40

Sue Carol Perry
CLERK SHELBY COUNTY COURT

KNOW ALL MEN BY THESE PRESENTS:

That the undersigned, Sam K. Veach, President, James Garnett, Vice-President, John S. Akers, Secretary, R.L. Shannon, Director, John H. Snyder, Director, A.E. Orton, Director, James E. Wilhelm, Director, John L. Phillips, Director, Frank D. Rash, Director, I.B. Ross, Grand Master, T. W. Pennington, Deputy Grand Master, C.P. Dooley, Grand Senior Warden, B.B. Hodgkin, Grand Junior Warden, A.E. Orton, Grand Secretary and James Garnett, Grand Treasurer of the Grand Lodge of Kentucky, F. & A. M. Ray G. Tipton, Grand High Priest, J.T.T. Hourigan, Deputy Grand High Priest, Richard Priest Dietzman, Grand Treasurer, Wm. Carson Black, Grand Secretary of the Grand Chapter of Kentucky, Royal Arch Masons, and Henry L. Nichols, Grand Commander of the Grand Commandery of Kentucky, Order of Knights Templar, constituting the Board of Directors and governing authority of the Old Masons Home of Kentucky, do hereby amend the Articles of Incorporation of said Home by striking therefrom Sections 18 and 19 thereof, and by adding to said Articles of Incorporation, in lieu of said Sections 18 and 19, the following:

Section 18. Directors, Number, " Ex Officio", Elective- The Board of



Big Sandy Rural Electric Cooperative Corporation

504 11th Street
Paintsville, Kentucky 41240-1422
(606) 789-4095 • Fax (606) 789-5454

Branch Office:

Box 8, Glyn View Plaza
Prestonsburg, KY 41653
(606) 886-2987

RESOLUTION

ENVIRONMENTAL SURCHARGE-JOINT FILING WITH PUBLIC SERVICE COMMISSION

Whereas, East Kentucky Power Cooperative, Inc., (“EKPC”) plans to file an application with the Kentucky Public Service Commission (the “Commission”), on or about September 15, 2004, to seek approval for a wholesale environmental surcharge applicable to its tariffs for electric power and energy supplied to Big Sandy Rural Electric Cooperative Corporation (the “Cooperative”) and to the other EKPC member distribution cooperatives;

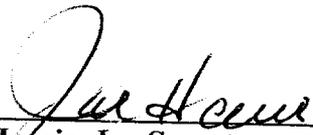
Whereas, The Cooperative must file with the Commission to revise its retail electric tariffs in order to pass along the EKPC environmental surcharge to its member consumers; and

Whereas, Management has recommended that the entire amount of EKPC’s environmental surcharge be passed along through the Cooperative’s retail rates, and that the Cooperative file with the Commission for approval of such pass-through as a joint applicant, along with other EKPC member distribution cooperatives, in conjunction with EKPC’s case; now, therefore, be it:

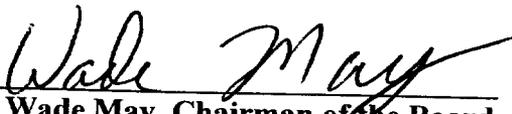
Resolved, That the Board of Directors hereby authorizes the President/General Manager to coordinate and approve the filing of a joint application with the Commission for Cooperative’s pass-through of EKPC’s wholesale environmental surcharge through Cooperative’s retail rates; and

Resolved, That EKPC is authorized to file such joint application on behalf of Cooperative, and EKPC counsel is authorized to represent Cooperative before the Commission in all respects in regard to this filing.

Approved by the Board of Directors of Big Sandy Rural Electric Cooperative Corporation this 20th day of August 2004.



Joe W Harris, Jr., Secretary



Wade May, Chairman of the Board



**Blue Grass Energy
Cooperative Corporation**

PO Box 990
1201 Lexington Road
Nicholasville, Kentucky 40340-0990
Phone: (859) 885-4191
Fax: (859) 885-2854

**RESOLUTION
Environmental Surcharge-Joint Filing
with Public Service Commission**

WHEREAS, East Kentucky Power Cooperative, Inc., ("EKPC") plans to file an application with the Kentucky Public Service Commission (the "Commission"), on or about September 15, 2004, to seek approval for a wholesale environmental surcharge applicable to its tariffs for electric power and energy supplied to Blue Grass Energy Cooperative, Inc. (the "Cooperative"), and to the other EKPC member distribution cooperatives;

WHEREAS, The Cooperative must file with the Commission to revise its retail electric tariffs in order to pass along the EKPC environmental surcharge to its member consumers; and

WHEREAS, Management has recommended that the entire amount of EKPC's environmental surcharge be passed along through the Cooperative's retail rates, and that the Cooperative file with the Commission for approval of such pass-through as a joint applicant, along with other EKPC member distribution cooperatives, in conjunction with EKPC's case; now, therefore, be it:

RESOLVED, That the Board of Directors hereby authorizes the President and Chief Executive Officer to coordinate and approve the filing of a joint application with the Commission for Cooperative's pass-through of EKPC's wholesale environmental surcharge through Cooperative's retail rates; and

RESOLVED, That EKPC is authorized to file such joint application on behalf of Cooperative, and EKPC counsel is authorized to represent Cooperative before the Commission in all respects in regard to this filing.

I, Richard Crutcher, do hereby certify that the above is a true and correct excerpt from the Minutes of the Board of Directors of Blue Grass Energy Cooperative Corporation, held on the 11th day of August, 2004 at which meeting a quorum was present.


Richard Crutcher, Secretary-Treasurer

AUG.26.2004 7:41AM CLARK RECC

NO.942 P.2/3

CLARK ENERGY COOPERATIVE, INC.
RESOLUTION NO. 2004- 7

A RESOLUTION OF THE BOARD OF DIRECTORS OF
CLARK ENERGY COOPERATIVE, INC DIRECTING
AN ENVIRONMENTAL SURCHARGE- JOINT FILING
WITH PUBLIC SERVICE COMMISSION

WHEREAS, East Kentucky Power Cooperative, Inc., ("EKPC") plans to file an application with the Kentucky Public Service Commission (the "Commission"), on or about September 15, 2004, to seek approval for a wholesale environmental surcharge applicable to its tariffs for electric power and energy supplied to CLARK ENERGY COOPERATIVE, INC. (the "Cooperative") and to the other EKPC member distribution cooperatives;

WHEREAS, The Cooperative must file with the Commission to revise its retail electric tariffs in order to pass along the EKPC environmental surcharge to its member consumers; and

WHEREAS, Management has recommended that the entire amount of EKPC's environmental surcharge be passed along through the Cooperative's retail rates, and that the Cooperative file with the Commission for approval of such pass-through as a joint applicant, along with other EKPC member distribution cooperatives, in conjunction with EKPC's case;

NOW, THEREFORE, BE IT:

RESOLVED, That the Board of Directors hereby authorizes the President and Chief Executive Officer, Overt Carroll, to coordinate and approve the filing of a joint application with the Commission for Cooperative's pass-through of EKPC's wholesale environmental surcharge through Cooperative's retail rates; and

RESOLVED, That EKPC is authorized to file such joint application on behalf of Cooperative, and EKPC counsel is authorized to represent Cooperative before the Commission in all respects in regard to this filing.

Introduced upon motion made by Director Hollow, seconded by Director Curry and passed by a vote of the Board of Directors of Clark Energy Cooperative, Inc. in duly session assembled at its regular meeting this 24th day of August, 2004.

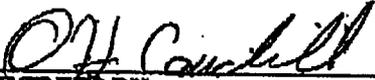


CHAIRMAN OF THE BOARD

AUG. 26. 2004 7:41AM CLARK RECC

NO. 942 P. 3/3

ATTEST:



SECRETARY

RESOLUTION
ENVIRONMENTAL SURCHARGE-JOINT FILING
WITH PUBLIC SERVICE COMMISSION

Whereas, East Kentucky Power Cooperative, Inc., ("EKPC") plans to file an application with the Kentucky Public Service Commission (the "Commission"), on or about September 15, 2004, to seek approval for a wholesale environmental surcharge applicable to its tariffs for electric power and energy supplied to Cumberland Valley Electric, Inc., (the "Cooperative") and to other EKPC member distribution cooperatives;

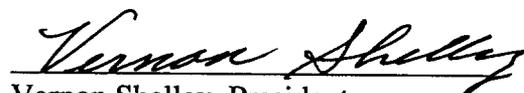
Whereas, The Cooperative must file with the Commission to revise its retail electric tariffs in order to pass along the EKPC environmental surcharge to its member consumers; and

Whereas, Management has recommended that the entire amount of EKPC's environmental surcharge be passed along through the Cooperative's retail rates, and that the Cooperative file with the Commission for approval of such pass-through as a joint applicant, along with other EKPC member distribution cooperative, in conjunction with EKPC's case; now, therefore, be it:

Resolved, That the Board of Directors hereby authorizes the Manager to coordinate and approve the filing of a joint application with the Commission for Cooperative's pass-through of EKPC's wholesale environmental surcharge through Cooperative's retail rates; and

Resolved, That EKPC is authorized to file such joint application on behalf of Cooperative, and EKPC counsel is authorized to represent Cooperative before the Commission in all respects in regard to this filing.


Lansford Lay, Secretary-Treasurer


Vernon Shelley, President

Dated: August 12, 2004



FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION

504 SOUTH BROADWAY • P.O. BOX 1298 • GLASGOW, KENTUCKY 42142-1298 • (270) 651-2191
JACKIE B. BROWNING, PRESIDENT AND CEO

**RESOLUTION
ENVIRONMENTAL SURCHARGE- JOINT FILING
WITH PUBLIC SERVICE COMMISSION**

Whereas, East Kentucky Power Cooperative, Inc., ("EKPC") plans to file an application with the Kentucky Public Service Commission (the "Commission"), on or about September 15, 2004, to seek approval for a wholesale environmental surcharge applicable to its tariffs for electric power and energy supplied to Farmers Rural Electric Cooperative Corporation (the "Cooperative") and to the other EKPC member distribution cooperatives;

Whereas, The Cooperative must file with the Commission to revise its retail electric tariffs in order to pass along the EKPC environmental surcharge to its member consumers; and

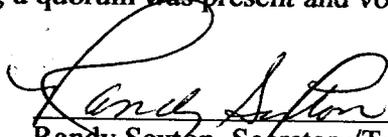
Whereas, Management has recommended that the entire amount of EKPC's environmental surcharge be passed along through the Cooperative's retail rates, and that the Cooperative file with the Commission for approval of such pass-through as a joint applicant, along with other EKPC member distribution cooperatives, in conjunction with EKPC's case; now, therefore, be it:

Resolved, That the Board of Directors hereby authorizes the President and Chief Executive Officer to coordinate and approve the filing of a joint application with the Commission for Cooperative's pass-through of EKPC's wholesale environmental surcharge through Cooperative's retail rates; and

Resolved, That EKPC is authorized to file such joint application on behalf of Cooperative, and EKPC counsel is authorized to represent Cooperative before the Commission in all respects in regard to this filing.

###

I, Randy Sexton, Secretary/Treasurer of Farmers Rural Electric Cooperative Corporation, do hereby certify that the above is a true and correct copy of a resolution adopted at the meeting of the Board of Directors of Farmers Rural Electric Cooperative Corporation on August 26, 2004 at which meeting a quorum was present and voted.


Randy Sexton, Secretary/Treasurer

CERTIFIED COPY OF MINUTES ADOPTING RESOLUTION
OF ENVIRONMENTAL SURCHARGE-JOINT FILING
WITH PUBLIC SERVICE COMMISSION OF KENTUCKY

I, Lonnie C. Vice, do hereby certify that: I am the Secretary of FLEMING-MASON ENERGY COOPERATIVE, INC., and further certify as follows:

Whereas, East Kentucky Power Cooperative, Inc., ("EKPC") plans to file an application with the Kentucky Public Service Commission (the "Commission"), on or about September 15, 2004, to seek approval for a wholesale environmental surcharge applicable to its tariffs for electric power and energy supplied to Fleming-Mason Energy Cooperative, Inc., (the "Cooperative") and to the other EKPC member distribution cooperatives;

Whereas, The Cooperative must file with the Commission to revise its retail electric tariffs in order to pass along the EKPC environmental surcharge to its member consumers; and

Whereas, Management has recommended that the entire amount of EKPC's environmental surcharge be passed along through the Cooperative's retail rates, and that the Cooperative file with the Commission for approval of such pass-through as a joint applicant, along with other EKPC member distribution cooperatives, in conjunction with EKPC's case; now, therefore, be it:

Resolved, That the Board of Directors hereby authorizes the President and Chief Executive Officer, Anthony P. Overbey, to coordinate and approve the filing of a joint application with the Commission for Cooperative's pass-through of EKPC's wholesale environmental surcharge through Cooperative's retail rates; and

Resolved, That EKPC is authorized to file such joint application on behalf of Cooperative, and EKPC counsel is authorized to represent Cooperative before the Commission in all respects in regard to this filing.

IN WITNESS WHEREOF, I have hereunder set my hand and affixed the seal of the Borrower, this 2 day of Sept, 2004.

Lonnie C. Vice
Secretary

Grayson Rural Electric Cooperative Corporation

109 Bagby Park ♦ Grayson, KY 41143-1292
Telephone 606-474-5136 ♦ 1-800-562-3532 ♦ Fax 606-474-5862

RESOLUTION ENVIRONMENTAL SURCHARGE-JOINT FILING WITH PUBLIC SERVICE COMMISSION

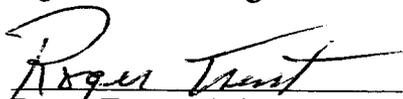
Whereas, East Kentucky Power Cooperative, Inc., (“EKPC”) plans to file an application with the Kentucky Public Service Commission (the “Commission”), on or about September 15, 2004, to seek approval for a wholesale environmental surcharge applicable to its tariffs for electric power and energy supplied to Grayson Rural Electric Cooperative Corporation (the “Cooperative”) and to the other EKPC member distribution cooperatives;

Whereas, the Cooperative must file with the Commission to revise its retail electric tariffs in order to pass along the EKPC environmental surcharge to its member consumers; and

Whereas, Management has recommended that the entire amount of EKPC’s environmental surcharge be passed along through the Cooperative’s retail rates, and that the Cooperative file with the Commission for approval of such pass-through as a joint applicant, along with other EKPC member distribution cooperatives, in conjunction with EKPC’s case; now, therefore, be it:

Resolved, That the Board of Directors hereby authorizes the President and Chief Executive Officer to coordinate and approve the filing of a joint application with the Commission for Cooperative’s pass-through of EKPC’s wholesale environmental surcharge through Cooperative’s retail rates; and

Resolved, That EKPC is authorized to file such joint application on behalf of Cooperative, and EKPC counsel is authorized to represent Cooperative before the Commission in all respects in regard to this filing.


Roger Trent, Chairman

Date: 8/20/04



A Touchstone Energy Cooperative 

**RESOLUTION
ENVIRONMENTAL SURCHARGE- JOINT FILING
WITH PUBLIC SERVICE COMMISSION**

Whereas, East Kentucky Power Cooperative, Inc., ("EKPC") plans to file an application with the Kentucky Public Service Commission (the "Commission"), on or about September 15, 2004, to seek approval for a wholesale environmental surcharge applicable to its tariffs for electric power and energy supplied to Inter-County Energy Cooperative (the "Cooperative") and to the other EKPC member distribution cooperatives;

Whereas, The Cooperative must file with the Commission to revise its retail electric tariffs in order to pass along the EKPC environmental surcharge to its member consumers; and

Whereas, Management has recommended that the entire amount of EKPC's environmental surcharge be passed along through the Cooperative's retail rates, and that the Cooperative file with the Commission for approval of such pass-through as a joint applicant, along with other EKPC member distribution cooperatives, in conjunction with EKPC's case; now, therefore, be it:

Resolved, That the Board of Directors hereby authorizes the President and Chief Executive Officer to coordinate and approve the filing of a joint application with the Commission for Cooperative's pass-through of EKPC's wholesale environmental surcharge through Cooperative's retail rates; and

Resolved, That EKPC is authorized to file such joint application on behalf of Cooperative, and EKPC counsel is authorized to represent Cooperative before the Commission in all respects in regard to this filing.

Joe H. Spalding
Secretary/Treasurer

**JACKSON ENERGY COOPERATIVE
CORPORATION**

**RESOLUTION 2004-8-02
ENVIRONMENTAL SURCHARGE-JOINT FILING
WITH PUBLIC SERVICE COMMISSION**

WHEREAS, East Kentucky Power Cooperative, Inc., (“EKPC”) plans to file an application with the Kentucky Public Service Commission (the “Commission”), on or about September 15, 2004, to seek approval for a wholesale environmental surcharge applicable to its tariffs for electric power and energy supplied to Jackson Energy Cooperative Corporation (the “Cooperative”) and to the other EKPC member distribution cooperatives, and

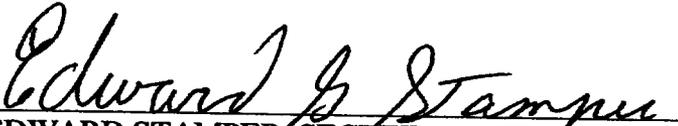
WHEREAS, the Cooperative must file with the Commission to revise its retail electric tariffs in order to pass along the EKPC environmental surcharge to its member consumers, and

WHEREAS, Management has recommended that the entire amount of EKPC’s environmental surcharge be passed along through the Cooperative’s retail rates, and that the Cooperative file with the Commission for approval of such pass-through as a joint applicant, along with other EKPC member distribution cooperatives, in conjunction with EKPC’s case

NOW, THEREFORE BE IT RESOLVED, that the Board of Directors hereby authorizes the President and Chief Executive Office to coordinate and approve the filing of a joint application with the Commission for Cooperative’s pass-through of EKPC’s wholesale environmental surcharge through Cooperative’s retail rates, and

NOW, THEREFORE BIT IT RESOLVED, that EKPC is authorized to file such joint application on behalf of Cooperative, and EKPC counsel is authorized to represent Cooperative before the Commission in all respects in regard to this filing.

I, Edward Stamper, Secretary/Treasurer of the Jackson Energy Cooperative hereby certify that the foregoing is a full, true and correct copy of the Resolution duly passed by the Board of Directors of Jackson Energy Cooperative at meeting duly called and held in compliance with the By-Laws of the Cooperative on the 13th day of August 2004, at which meeting a quorum was present, and that the Resolution as set out above appears in the minutes of that meeting in the Minute Book of the Cooperative dated this 13th day of August 2004.


EDWARD STAMPER, SECRETARY/TREASURER



LICKING VALLEY
RURAL ELECTRIC COOPERATIVE CORPORATION
P. O. Box 605 • 271 Main Street
West Liberty, KY 41472-0605
(606) 743-3179



BILL DUNCAN
General Manager

**RESOLUTION
ENVIRONMENTAL SURCHARGE-JOINT FILING
WITH THE
KENTUCKY PUBLIC SERVICE COMMISSION**

WHEREAS, East Kentucky Power Cooperative, Inc. ("EKPC") plans to file an application with the Kentucky Public Service Commission (the "Commission"), on or about September 15, 2004, to seek approval for a wholesale environmental surcharge applicable to its tariffs for electric power and energy supplied to Licking Valley Rural Electric Cooperative Corporation (the "Cooperative") and to the other EKPC member distribution cooperatives; and

WHEREAS, the Cooperative must file with the Commission to revise its retail electric tariffs in order to pass along the EKPC environmental surcharge to its member consumers; and

WHEREAS, management has recommended that the entire amount of EKPC's environmental surcharge be passed along through the Cooperative's retail rates, and that the Cooperative file with the Commission for approval of such pass-through as a joint applicant, along with other EKPC member distribution cooperatives, in conjunction with EKPC's case;

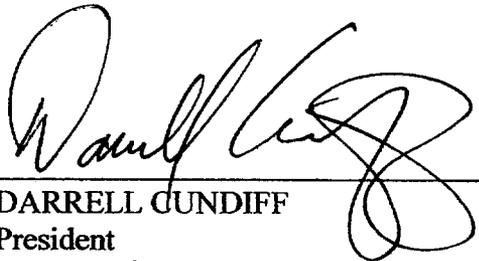
NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors hereby authorizes the General Manager and Chief Executive Officer to coordinate and approve the filing of a joint application with the Commission for the Cooperative's pass-through of EKPC's wholesale environmental surcharge through the Cooperative's retail rates; and

RESOLVED, that EKPC is authorized to file such joint application on behalf of the Cooperative, and EKPC counsel is authorized to represent the Cooperative before the Commission in all respects in regard to this filing.

Resolution
August 19, 2004
Page 2

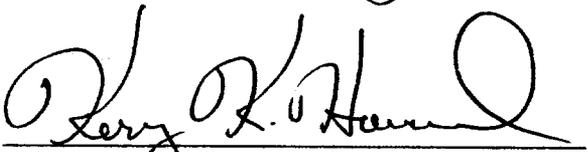
BE IT, THEREFORE RESOLVED that this resolution was properly authorized and adopted on behalf of LVRECC by the Board during the duly regular monthly Board Meeting at West Liberty, Kentucky this 19th day of August, 2004.

Corporate Seal



DARRELL CUNDIFF
President

ATTEST:



KERRY K. HOWARD
Secretary/Treasurer



Rural Electric Cooperative Corporation

A Touchstone Energy* Cooperative 

**RESOLUTION
ENVIRONMENTAL SURCHARGE- JOINT FILING
WITH PUBLIC SERVICE COMMISSION**

Whereas, East Kentucky Power Cooperative, Inc., ("EKPC") plans to file an application with the Kentucky Public Service Commission (the "Commission"), on or about September 15, 2004, to seek approval for a wholesale environmental surcharge applicable to its tariffs for electric power and energy supplied to Nolin Rural Electric Cooperative Corporation (the "Cooperative") and to the other EKPC member distribution cooperatives;

Whereas, The Cooperative must file with the Commission to revise its retail electric tariffs in order to pass along the EKPC environmental surcharge to its member consumers; and

Whereas, Management has recommended that the entire amount of EKPC's environmental surcharge be passed along through the Cooperative's retail rates, and that the Cooperative file with the Commission for approval of such pass-through as a joint applicant, along with other EKPC member distribution cooperatives, in conjunction with EKPC's case; now, therefore, be it:

Resolved, That the Board of Directors hereby authorizes the President and Chief Executive Officer to coordinate and approve the filing of a joint application with the Commission for Cooperative's pass-through of EKPC's wholesale environmental surcharge through Cooperative's retail rates; and

Resolved, That EKPC is authorized to file such joint application on behalf of Cooperative, and EKPC counsel is authorized to represent Cooperative before the Commission in all respects in regard to this filing.

I, A. L. Rosenberger, Secretary-Treasurer of Nolin RECC hereby certify that the foregoing is a true and correct copy of an excerpt taken from the minutes of a regular meeting of the Board of Directors held on August 20, 2004.


A. L. Rosenberger, Secretary/Treasurer

RESOLUTION

**ENVIRONMENT SURCHARGE – JOINT FILING
WITH PUBLIC SERVICE COMMISSION**

Whereas, East Kentucky Power Cooperative, Inc., (“EKPC”) plans to file an application with the Kentucky Public Service Commission (the “Commission”), on or about September 15, 2004, to seek approval for a wholesale environmental surcharge applicable to its tariffs for electric power and energy supplied to OWEN ELECTRIC COOPERATIVE, INC. (the “Cooperative”) and to the other EKPC member distribution cooperatives;

Whereas, The Cooperative must file with the Commission to revise its retail electric tariffs in order to pass along the EKPC environmental surcharge to its members consumers; and

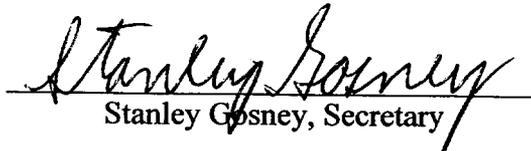
Whereas, Management has recommended that the entire amount of EKPC’s environmental surcharge be passed along through the Cooperative’s retail rates, and that the Cooperative file with the Commission for approval of such pass-through as a joint applicant, along with other EKPC member distribution cooperatives, in conjunction with EKPC’s case; now, therefore, be it:

Resolved, That the Board of Directors hereby authorizes the President and Chief Executive Officer to coordinate and approve the filing of a joint application with the Commission for Cooperative’s pass-through of EKPC’s wholesale environmental surcharge through Cooperative’s retail rates; and

Resolved, That EKPC is authorized to file such joint application on behalf of Cooperative, and EKPC counsel is authorized to represent Cooperative before the Commission in all respects in regard to this filing.

I, Stanley Gosney, Secretary of Owen Electric Cooperative, Inc., do hereby certify that the above is a true and correct copy of a resolution adopted by the Board of Directors of Owen Electric Cooperative, Inc., at a Regular Board meeting held on August 26, 2004, at which meeting a quorum was present.

Seal


Stanley Gosney, Secretary



111 West Brashear Avenue • Bardstown, Kentucky 40004
(502) 348-3931 • (502) 955-9732 • Fax (502) 348-1993

**RESOLUTION
ENVIRONMENTAL SURCHARGE- JOINT FILING
WITH PUBLIC SERVICE COMMISSION**

Whereas, East Kentucky Power Cooperative, Inc., ("EKPC") plans to file an application with the Kentucky Public Service Commission (the "Commission"), on or about September 15, 2004, to seek approval for a wholesale environmental surcharge applicable to its tariffs for electric power and energy supplied to Salt River Electric Cooperative Corporation (the "Cooperative") and to the other EKPC member distribution cooperatives;

Whereas, The Cooperative must file with the Commission to revise its retail electric tariffs in order to pass along the EKPC environmental surcharge to its member consumers; and

Whereas, Management has recommended that the entire amount of EKPC's environmental surcharge be passed along through the Cooperative's retail rates, and that the Cooperative file with the Commission for approval of such pass-through as a joint applicant, along with other EKPC member distribution cooperatives, in conjunction with EKPC's case; now, therefore, be it:

Resolved, That the Board of Directors hereby authorizes the President and Chief Executive Officer to coordinate and approve the filing of a joint application with the Commission for Cooperative's pass-through of EKPC's wholesale environmental surcharge through Cooperative's retail rates; and

Resolved, That EKPC is authorized to file such joint application on behalf of Cooperative, and EKPC counsel is authorized to represent Cooperative before the Commission in all respects in regard to this filing.

CERTIFICATE OF SECRETARY

I, J. Sidney Osbourne, Secretary of the Board of Directors of Salt River Electric Coop Corp, do hereby certify that the above is a true and correct excerpt from the minutes of the meeting of the Board of Directors held on the 2nd day of September, 2004 at which meeting a quorum was present and that the above portion of the minutes has not been modified or rescinded.

IN WITNESS WHEREOF, I have set my hand and affixed the seal of Salt River Electric Coop Corp this 2nd day of September 2004.



Signature of the Secretary



Shelby Energy
Cooperative, Inc.

Your Touchstone Energy® Partner 

**RESOLUTION
ENVIRONMENTAL SURCHARGE - JOINT FILING
WITH PUBLIC SERVICE COMMISSION**

Whereas, East Kentucky Power Cooperative, Inc., (“EKPC”) plans to file an application with the Kentucky Public Service Commission (the “Commission”), on or about September 15, 2004, to seek approval for a wholesale environmental surcharge applicable to its tariffs for electric power and energy supplied to Shelby Energy Cooperative, Inc. (the “Cooperative”) and to the other EKPC member distribution cooperatives;

Whereas, The Cooperative must file with the Commission to revise its retail electric tariffs in order to pass along the EKPC environmental surcharge to its member consumers; and

Whereas, Management has recommended that the entire amount of EKPC’s environmental surcharge be passed along through the Cooperative’s retail rates, and that the Cooperative file with the Commission for approval of such pass-through as a joint applicant, along with other EKPC member distribution cooperatives, in conjunction with EKPC’s case; now, therefore, be it:

Resolved, That the Board of Directors hereby authorizes the President and Chief Executive Officer to coordinate and approve the filing of a joint application with the Commission for Cooperative’s pass-through of EKPC’s wholesale environmental surcharge through Cooperative’s retail rates; and

Resolved, That EKPC is authorized to file such joint application on behalf of Cooperative, and EKPC counsel is authorized to represent Cooperative before the Commission in all respects in regard to this filing.

I, Roger Taylor, Jr., Secretary of Shelby Energy Cooperative, Inc. do hereby certify that the above is a true and correct excerpt from the minutes of the meeting of the Board of Directors of Shelby Energy Cooperative, Inc. held on the 26th day of August, 2004, at which meeting a quorum was present.


Roger Taylor, Jr., Secretary



Allen Anderson, Head Coach & CEO

925-929 North Main Street
Post Office Box 910
Somerset, KY 42502-0910
Telephone 606-678-4121
Toll Free 800-264-5112
Fax 606-679-8279
www.skrecc.com

BOARD RESOLUTION

ENVIRONMENTAL SURCHARGE- JOINT FILING WITH PUBLIC SERVICE COMMISSION

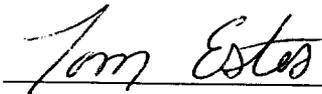
Whereas, East Kentucky Power Cooperative, Inc., ("EKPC") plans to file an application with the Kentucky Public Service Commission (the "Commission"), on or about September 15, 2004, to seek approval for a wholesale environmental surcharge applicable to its tariffs for electric power and energy supplied to South Kentucky Rural Electric Cooperative Corporation (the "Cooperative") and to the other EKPC member distribution cooperatives;

Whereas, The Cooperative must file with the Commission to revise its retail electric tariffs in order to pass along the EKPC environmental surcharge to its member consumers; and

Whereas, Management has recommended that the entire amount of EKPC's environmental surcharge be passed along through the Cooperative's retail rates, and that the Cooperative file with the Commission for approval of such pass-through as a joint applicant, along with other EKPC member distribution cooperatives, in conjunction with EKPC's case; now, therefore, be it:

Resolved, That the Board of Directors hereby authorizes the President and Chief Executive Officer to coordinate and approve the filing of a joint application with the Commission for Cooperative's pass-through of EKPC's wholesale environmental surcharge through Cooperative's retail rates; and

Resolved, That EKPC is authorized to file such joint application on behalf of Cooperative, and EKPC counsel is authorized to represent Cooperative before the Commission in all respects in regard to this filing.



TOM ESTES, SECRETARY

9-8-04

DATE

K:\BdResolutionEnvironmentalSurcharge.aa



(270) 465-4101 • Fax (270) 789-3625

WHEREAS, East Kentucky Power Cooperative, Inc., (“EKPC”) plans to file an application with the Kentucky Public Service Commission (the “Commission”), on or about September 15, 2004, to seek approval for a wholesale environmental surcharge applicable to its tariffs for electric power and energy supplied to Taylor County Rural Electric Cooperative Corporation (the “Cooperative”) and to the other EKPC member distribution cooperatives;

Whereas, The cooperative must file with the Commission to revise its retail electric tariffs in order to pass along the EKPC environmental surcharge to its member consumers; and

Whereas, Management has recommended that the entire amount of EKPC’s environmental surcharge be passed along through the Cooperative’s retail rates, and that the Cooperative file with the Commission for approval of such pass-through as a joint applicant, along with other EKPC member distribution cooperatives, in conjunction with EKPC’s case; now, therefore, be it:

Resolved, That the Board of Directors hereby authorizes the Manager to coordinate and approve the filing of a joint application with the Commission for Cooperative’s pass-through of EKPC’s wholesale environmental surcharge through Cooperative’s retail rates; and

Resolved, That EKPC is authorized to file such joint application on behalf of cooperative, and EKPC counsel is authorized to represent Cooperative before the Commission in all respects in regard to this filing.

I, Tommy Giles, Secretary of the Taylor County Rural Electric Cooperative Corporation do hereby certify that the above is a true and correct excerpt from the minutes of the meeting of the Board of Directors of the Taylor County Rural Electric Cooperative Corporation held on the 2nd day of September, 2004, at which a quorum was present.


Tommy Giles, Secretary

(SEAL)

FOR ENTIRE TERRITORY SERVED
Community, Town or City

P.S.C. KY. NO. _____

Original _____ SHEET NO. 23 _____

BIG SANDY RURAL ELECTRIC
COOPERATIVE CORPORATION

CLASSIFICATION OF SERVICE

RATES SCHEDULE ES – ENVIRONMENTAL SURCHARGE

AVAILABILITY

In all of the Company's service territory.

APPLICABILITY

This rate schedule shall apply to all electric rate schedules and all special contracts with rates subject to adjustment upon the approval of the Commission.

RATE

$$CES(m) = ES(m) - BESF$$

where CES(m) = Current Month Environmental Surcharge Factor
ES(m) = Current Month Environmental Surcharge Calculation
BESF = Base Environmental Surcharge Factor

$$ES(m) = [((WESF) \times (\text{Average of 12-months ended revenues from sales to Member System, excluding environmental surcharge})) + (\text{Over})/(\text{Under Recovery})] \text{ divided by } [(\text{Average of 12-months ending Retail Revenue (excluding environmental surcharge)})] = \underline{\hspace{2cm}} \%$$

where WESF = Wholesale Environmental Surcharge Factor for Current Expense Month

DATE OF ISSUE September 17, 2004
Month / Date / Year

DATE EFFECTIVE Service rendered beginning April 1, 2005
Month / Date / Year

ISSUED BY _____
(Signature of Officer)

TITLE PRESIDENT/CEO

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO. _____ DATED _____

FOR ENTIRE TERRITORY SERVED

Community, Town or City

P.S.C. KY. NO. _____

Original SHEET NO. 24

BIG SANDY RURAL ELECTRIC
COOPERATIVE CORPORATION

CLASSIFICATION OF SERVICE

(Over)/Under Recovery =

6-months cumulative (over)/under recovery as defined by amount billed by EKPC to Member System minus the amount billed by Member System to retail customer. Over or under recoveries shall be amortized over a six-month period.

BESF = zero

BILLING

The current expense month (m) shall be the second month preceding the month in which the Environmental Surcharge is billed.

DATE OF ISSUE September 17, 2004
Month / Date / Year

DATE EFFECTIVE Service rendered beginning April 1, 2005
Month / Date / Year

ISSUED BY _____
(Signature of Officer)

TITLE PRESIDENT/CEO

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO. _____ DATED _____

FOR ENTIRE TERRITORY SERVED

Community, Town or City

P.S.C. KY. NO. _____

Original SHEET NO. 108

BLUE GRASS ENERGY
COOPERATIVE CORPORATION

CLASSIFICATION OF SERVICE

RATES SCHEDULE ES – ENVIRONMENTAL SURCHARGE

AVAILABILITY

In all of the Company's service territory.

APPLICABILITY

This rate schedule shall apply to all electric rate schedules and all special contracts with rates subject to adjustment upon the approval of the Commission.

RATE

$$CES(m) = ES(m) - BESF$$

where CES(m) = Current Month Environmental Surcharge Factor
ES(m) = Current Month Environmental Surcharge Calculation
BESF = Base Environmental Surcharge Factor

$$ES(m) = [((WESF) \times (\text{Average of 12-months ended revenues from sales to Member System, excluding environmental surcharge})) + (\text{Over/Under Recovery})] \text{ divided by } [\text{Average of 12-months ending Retail Revenue (excluding environmental surcharge)}] = \underline{\hspace{2cm}} \%$$

where WESF = Wholesale Environmental Surcharge Factor for Current Expense Month

DATE OF ISSUE September 17, 2004
Month / Date / Year

DATE EFFECTIVE Service rendered beginning April 1, 2005
Month / Date / Year

ISSUED BY _____
(Signature of Officer)

TITLE PRESIDENT/CEO

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO. _____ DATED _____

FOR ENTIRE TERRITORY SERVED
Community, Town or City

P.S.C. KY. NO. _____

Original SHEET NO. 109

BLUE GRASS ENERGY
COOPERATIVE CORPORATION

CLASSIFICATION OF SERVICE

(Over)/Under Recovery =

6-months cumulative (over)/under recovery as defined by amount billed by EKPC to Member System minus the amount billed by Member System to retail customer. Over or under recoveries shall be amortized over a six-month period.

BESF = zero

BILLING

The current expense month (m) shall be the second month preceding the month in which the Environmental Surcharge is billed.

DATE OF ISSUE September 17, 2004
Month / Date / Year

DATE EFFECTIVE Service rendered beginning April 1, 2005
Month / Date / Year

ISSUED BY _____
(Signature of Officer)

TITLE PRESIDENT/CEO

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO. _____ DATED _____

FOR ENTIRE TERRITORY SERVED
Community, Town or City

P.S.C. KY. NO. _____

Original _____ SHEET NO. 94 _____

Clark Energy Cooperative, Inc.

CLASSIFICATION OF SERVICE

RATES SCHEDULE ES – ENVIRONMENTAL SURCHARGE

AVAILABILITY

In all of the Company's service territory.

APPLICABILITY

This rate schedule shall apply to all electric rate schedules and all special contracts with rates subject to adjustment upon the approval of the Commission.

RATE

$$CES(m) = ES(m) - BESF$$

where CES(m) = Current Month Environmental Surcharge Factor
ES(m) = Current Month Environmental Surcharge Calculation
BESF = Base Environmental Surcharge Factor

$$ES(m) = [((WESF) \times (\text{Average of 12-months ended revenues from sales to Member System, excluding environmental surcharge})) + (\text{Over/Under Recovery})] \text{ divided by } [(\text{Average of 12-months ending Retail Revenue (excluding environmental surcharge)})] = \underline{\hspace{2cm}} \%$$

where WESF = Wholesale Environmental Surcharge Factor for Current Expense Month

DATE OF ISSUE September 17, 2004
Month / Date / Year

DATE EFFECTIVE Service rendered beginning April 1, 2005
Month / Date / Year

ISSUED BY _____
(Signature of Officer)

TITLE PRESIDENT/CEO

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO. _____ DATED _____

FOR ENTIRE TERRITORY SERVED
Community, Town or City

P.S.C. KY. NO. _____

Original SHEET NO. 95

Clark Energy Cooperative, Inc.

CLASSIFICATION OF SERVICE

(Over)/Under Recovery =

6-months cumulative (over)/under recovery as defined by amount billed by EKPC to Member System minus the amount billed by Member System to retail customer. Over or under recoveries shall be amortized over a six-month period.

BESF = zero

BILLING

The current expense month (m) shall be the second month preceding the month in which the Environmental Surcharge is billed.

DATE OF ISSUE September 17, 2004
Month / Date / Year

DATE EFFECTIVE Service rendered beginning April 1, 2005
Month / Date / Year

ISSUED BY _____
(Signature of Officer)

TITLE PRESIDENT/CEO

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO. _____ DATED _____

P.S.C. KY. NO. _____

Original _____ SHEET NO. _____

CUMBERLAND VALLEY ELECTRIC, INC.

CLASSIFICATION OF SERVICE

RATES SCHEDULE ES – ENVIRONMENTAL SURCHARGE

AVAILABILITY

In all of the Company's service territory.

APPLICABILITY

This rate schedule shall apply to all electric rate schedules and all special contracts with rates subject to adjustment upon the approval of the Commission.

RATE

$$CES(m) = ES(m) - BESF$$

where CES(m) = Current Month Environmental Surcharge Factor
ES(m) = Current Month Environmental Surcharge Calculation
BESF = Base Environmental Surcharge Factor

$$ES(m) = [((WESF) \times (\text{Average of 12-months ended revenues from sales to Member System, excluding environmental surcharge})) + (\text{Over/Under Recovery})] \text{ divided by } [(\text{Average of 12-months ending Retail Revenue (excluding environmental surcharge)})] = \underline{\hspace{2cm}} \%$$

where WESF = Wholesale Environmental Surcharge Factor for Current Expense Month

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TITLE PRESIDENT/CEO

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Community, Town or City

P.S.C. KY. NO. _____

Original SHEET NO. _____

CUMBERLAND VALLEY ELECTRIC, INC.

CLASSIFICATION OF SERVICE

(Over)/Under Recovery =

6-months cumulative (over)/under recovery as defined by amount billed by EKPC to Member System minus the amount billed by Member System to retail customer. Over or under recoveries shall be amortized over a six-month period.

BESF = zero

BILLING

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TITLE PRESIDENT/CEO

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO. _____ DATED _____

P.S.C. KY. NO. _____

Original _____ SHEET NO. 7 _____

Farmers Rural Electric Cooperative Corporation

CLASSIFICATION OF SERVICE

RATES SCHEDULE ES – ENVIRONMENTAL SURCHARGE

AVAILABILITY

In all of the Company's service territory.

APPLICABILITY

This rate schedule shall apply to all electric rate schedules and all special contracts with rates subject to adjustment upon the approval of the Commission.

RATE

$$CES(m) = ES(m) - BESF$$

where CES(m) = Current Month Environmental Surcharge Factor
ES(m) = Current Month Environmental Surcharge Calculation
BESF = Base Environmental Surcharge Factor

$$ES(m) = [((WESF) \times (\text{Average of 12-months ended revenues from sales to Member System, excluding environmental surcharge})) + (\text{Over/Under Recovery})] \text{ divided by } [\text{Average of 12-months ending Retail Revenue (excluding environmental surcharge)}] = \underline{\hspace{2cm}} \%$$

where WESF = Wholesale Environmental Surcharge Factor for Current Expense Month

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(Signature of Officer)

TITLE PRESIDENT/CEO

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO. _____ DATED _____

FOR ENTIRE TERRITORY SERVED

Community, Town or City

P.S.C. KY. NO. _____

Original _____ SHEET NO. 8

Farmers Rural Electric Cooperative Corporation

CLASSIFICATION OF SERVICE

(Over)/Under Recovery =

6-months cumulative (over)/under recovery as defined by amount billed by EKPC to Member System minus the amount billed by Member System to retail customer. Over or under recoveries shall be amortized over a six-month period.

BESF = zero

BILLING

The current expense month (m) shall be the second month preceding the month in which the Environmental Surcharge is billed.

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(Signature of Officer)

TITLE PRESIDENT/CEO

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IN CASE NO. _____ DATED _____

FOR ENTIRE TERRITORY SERVED

Community, Town or City

P.S.C. KY. NO. _____

Original _____ SHEET NO. 17 _____

Fleming-Mason Energy Cooperative

CLASSIFICATION OF SERVICE

RATES SCHEDULE ES – ENVIRONMENTAL SURCHARGE

AVAILABILITY

In all of the Company's service territory.

APPLICABILITY

This rate schedule shall apply to all electric rate schedules and all special contracts with rates subject to adjustment upon the approval of the Commission.

RATE

$$CES(m) = ES(m) - BESF$$

where CES(m) = Current Month Environmental Surcharge Factor

ES(m) = Current Month Environmental Surcharge Calculation

BESF = Base Environmental Surcharge Factor

$$ES(m) = \left[\left((WESF) \times (\text{Average of 12-months ended revenues from sales to Member System, excluding environmental surcharge}) + (\text{Over})/(\text{Under Recovery}) \right) \text{ divided by } \left[\text{Average of 12-months ending Retail Revenue (excluding environmental surcharge)} \right] \right] = \underline{\hspace{2cm}} \%$$

where WESF = Wholesale Environmental Surcharge Factor for Current Expense Month

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(Signature of Officer)

TITLE PRESIDENT/CEO

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FOR ENTIRE TERRITORY SERVED
Community, Town or City

P.S.C. KY. NO. _____

Original _____ SHEET NO. 17 a _____

Fleming-Mason Energy Cooperative

CLASSIFICATION OF SERVICE

(Over)/Under Recovery =

6-months cumulative (over)/under recovery as defined by amount billed by EKPC to Member System minus the amount billed by Member System to retail customer. Over or under recoveries shall be amortized over a six-month period.

BESF = zero

BILLING

The current expense month (m) shall be the second month preceding the month in which the Environmental Surcharge is billed.

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TITLE PRESIDENT/CEO

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO. _____ DATED _____

FOR ENTIRE TERRITORY SERVED
Community, Town or City

P.S.C. KY. NO. _____

Original _____ SHEET NO. 18 _____

Grayson Rural Electric Cooperative Corporation

CLASSIFICATION OF SERVICE

RATES SCHEDULE ES – ENVIRONMENTAL SURCHARGE

AVAILABILITY

In all of the Company's service territory.

APPLICABILITY

This rate schedule shall apply to all electric rate schedules and all special contracts with rates subject to adjustment upon the approval of the Commission.

RATE

$$CES(m) = ES(m) - BESF$$

where CES(m) = Current Month Environmental Surcharge Factor
ES(m) = Current Month Environmental Surcharge Calculation
BESF = Base Environmental Surcharge Factor

$$ES(m) = [((WESF) \times (\text{Average of 12-months ended revenues from sales to Member System, excluding environmental surcharge})) + (\text{Over/Under Recovery})] \text{ divided by } [(\text{Average of 12-months ending Retail Revenue (excluding environmental surcharge)})] = \underline{\hspace{2cm}} \%$$

where WESF = Wholesale Environmental Surcharge Factor for Current Expense Month

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(Signature of Officer)

TITLE PRESIDENT/CEO

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO. _____ DATED _____

FOR ENTIRE TERRITORY SERVED
Community, Town or City

P.S.C. KY. NO. _____

Original _____ SHEET NO. 19 _____

Grayson Rural Electric Cooperative Corporation

CLASSIFICATION OF SERVICE

(Over)/Under Recovery =

6-months cumulative (over)/under recovery as defined by amount billed by EKPC to Member System minus the amount billed by Member System to retail customer. Over or under recoveries shall be amortized over a six-month period.

BESF = zero

BILLING

The current expense month (m) shall be the second month preceding the month in which the Environmental Surcharge is billed.

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(Signature of Officer)

TITLE PRESIDENT/CEO

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO. _____ DATED _____

FOR ENTIRE TERRITORY SERVED
Community, Town or City

P.S.C. KY. NO. _____

Original _____ SHEET NO. 58 _____

INTER-COUNTY ENERGY
(Name of Utility)

CLASSIFICATION OF SERVICE

RATES SCHEDULE ES – ENVIRONMENTAL SURCHARGE

AVAILABILITY

In all of the Company's service territory.

APPLICABILITY

This rate schedule shall apply to all electric rate schedules and all special contracts with rates subject to adjustment upon the approval of the Commission.

RATE

$$CES(m) = ES(m) - BESF$$

where CES(m) = Current Month Environmental Surcharge Factor
ES(m) = Current Month Environmental Surcharge Calculation
BESF = Base Environmental Surcharge Factor

$$ES(m) = [((WESF) \times (\text{Average of 12-months ended revenues from sales to Member System, excluding environmental surcharge})) + (\text{Over/Under Recovery})] \text{ divided by } [(\text{Average of 12-months ending Retail Revenue (excluding environmental surcharge)})] = \underline{\hspace{2cm}} \%$$

where WESF = Wholesale Environmental Surcharge Factor for Current Expense Month

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(Signature of Officer)

TITLE PRESIDENT/CEO

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. _____ DATED _____

FOR ENTIRE TERRITORY SERVED

Community, Town or City

P.S.C. KY. NO. _____

Original SHEET NO. 59

INTER-COUNTY ENERGY
(Name of Utility)

CLASSIFICATION OF SERVICE

(Over)/Under Recovery =

6-months cumulative (over)/under recovery as defined by amount billed by EKPC to Member System minus the amount billed by Member System to retail customer. Over or under recoveries shall be amortized over a six-month period.

BESF = zero

BILLING

The current expense month (m) shall be the second month preceding the month in which the Environmental Surcharge is billed.

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TITLE PRESIDENT/CEO

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. _____ DATED _____

Community, Town or City

P.S.C. KY. NO. _____

Original SHEET NO. 61

JACKSON ENERGY COOPERATIVE CORPORATION

CLASSIFICATION OF SERVICE

RATES SCHEDULE ES – ENVIRONMENTAL SURCHARGE

AVAILABILITY

In all of the Company's service territory.

APPLICABILITY

This rate schedule shall apply to all electric rate schedules and all special contracts with rates subject to adjustment upon the approval of the Commission.

RATE

CES(m) = ES(m) – BESF

where CES(m) = Current Month Environmental Surcharge Factor
ES(m) = Current Month Environmental Surcharge Calculation
BESF = Base Environmental Surcharge Factor

ES(m) = [((WESF) x (Average of 12-months ended revenues from sales to Member System, excluding environmental surcharge)) + (Over)/Under Recovery] divided by [Average of 12-months ending Retail Revenue (excluding environmental surcharge)] = %

where WESF = Wholesale Environmental Surcharge Factor for Current Expense Month

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TITLE PRESIDENT/CEO

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. DATED

FOR ENTIRE TERRITORY SERVED
Community, Town or City

P.S.C. KY. NO. _____

Original SHEET NO. 62

JACKSON ENERGY COOPERATIVE CORPORATION

CLASSIFICATION OF SERVICE

(Over)/Under Recovery =

6-months cumulative (over)/under recovery as defined by amount billed by EKPC to Member System minus the amount billed by Member System to retail customer. Over or under recoveries shall be amortized over a six-month period.

BESF = zero

BILLING

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(Signature of Officer)

TITLE PRESIDENT/CEO

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. _____ DATED _____

FOR ENTIRE TERRITORY SERVED

Community, Town or City

P.S.C. KY. NO. _____

Original _____ SHEET NO. 6 _____

Licking Valley Rural Electric
Cooperative Corporation

CLASSIFICATION OF SERVICE

RATES SCHEDULE ES – ENVIRONMENTAL SURCHARGE

AVAILABILITY

In all of the Company's service territory.

APPLICABILITY

This rate schedule shall apply to all electric rate schedules and all special contracts with rates subject to adjustment upon the approval of the Commission.

RATE

$$CES(m) = ES(m) - BESF$$

where CES(m) = Current Month Environmental Surcharge Factor
 ES(m) = Current Month Environmental Surcharge Calculation
 BESF = Base Environmental Surcharge Factor

$$ES(m) = [((WESF) \times (\text{Average of 12-months ended revenues from sales to Member System, excluding environmental surcharge})) + (\text{Over/Under Recovery})] \text{ divided by } [(\text{Average of 12-months ending Retail Revenue (excluding environmental surcharge)})] = \underline{\hspace{2cm}} \%$$

where WESF = Wholesale Environmental Surcharge Factor for Current Expense Month

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Month / Date / Year

ISSUED BY _____
(Signature of Officer)

TITLE PRESIDENT/CEO

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
 IN CASE NO. _____ DATED _____

FOR ENTIRE TERRITORY SERVED

Community, Town or City

P.S.C. KY. NO. _____

Original _____ SHEET NO. 7 _____

Licking Valley Rural Electric
Cooperative Corporation

CLASSIFICATION OF SERVICE

(Over)/Under Recovery =

6-months cumulative (over)/under recovery as defined by amount billed by EKPC to Member System minus the amount billed by Member System to retail customer. Over or under recoveries shall be amortized over a six-month period.

BESF = zero

BILLING

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TITLE PRESIDENT/CEO

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO. _____ DATED _____

FOR ENTIRE TERRITORY SERVED

Community, Town or City

P.S.C. KY. NO. _____

Original _____ SHEET NO. 56 _____

Nolin RECC
411 Ring Road
Elizabethtown, KY 42701-8701

CLASSIFICATION OF SERVICE

RATES SCHEDULE ES – ENVIRONMENTAL SURCHARGE

AVAILABILITY

In all of the Company's service territory.

APPLICABILITY

This rate schedule shall apply to all electric rate schedules and all special contracts with rates subject to adjustment upon the approval of the Commission.

RATE

$$CES(m) = ES(m) - BESF$$

where CES(m) = Current Month Environmental Surcharge Factor
ES(m) = Current Month Environmental Surcharge Calculation
BESF = Base Environmental Surcharge Factor

$$ES(m) = [((WESF) \times (\text{Average of 12-months ended revenues from sales to Member System, excluding environmental surcharge})) + (\text{Over/Under Recovery})] \text{ divided by } [\text{Average of 12-months ending Retail Revenue (excluding environmental surcharge)}] = \underline{\hspace{2cm}} \%$$

where WESF = Wholesale Environmental Surcharge Factor for Current Expense Month

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(Signature of Officer)

TITLE PRESIDENT/CEO

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO. _____ DATED _____

FOR ENTIRE TERRITORY SERVED

Community, Town or City

P.S.C. KY. NO. _____

Original _____ SHEET NO. 57

Nolin RECC
411 Ring Road
Elizabethtown, KY 42701-8701

CLASSIFICATION OF SERVICE

(Over)/Under Recovery =

6-months cumulative (over)/under recovery as defined by amount billed by EKPC to Member System minus the amount billed by Member System to retail customer. Over or under recoveries shall be amortized over a six-month period.

BESF = zero

BILLING

The current expense month (m) shall be the second month preceding the month in which the Environmental Surcharge is billed.

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(Signature of Officer)

TITLE PRESIDENT/CEO

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO. _____ DATED _____

P.S.C. KY. NO. _____

Original _____ SHEET NO. 38 _____

Owen Electric Cooperative, Inc.

CLASSIFICATION OF SERVICE

RATES SCHEDULE ES – ENVIRONMENTAL SURCHARGE

AVAILABILITY

In all of the Company's service territory.

APPLICABILITY

This rate schedule shall apply to all electric rate schedules and all special contracts with rates subject to adjustment upon the approval of the Commission.

RATE

$$CES(m) = ES(m) - BESF$$

where CES(m) = Current Month Environmental Surcharge Factor
ES(m) = Current Month Environmental Surcharge Calculation
BESF = Base Environmental Surcharge Factor

$$ES(m) = \frac{[(WESF) \times (\text{Average of 12-months ended revenues from sales to Member System, excluding environmental surcharge}) + (\text{Over/Under Recovery})]}{[\text{Average of 12-months ending Retail Revenue (excluding environmental surcharge)}]} = \text{_____} \%$$

where WESF = Wholesale Environmental Surcharge Factor for Current Expense Month

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(Signature of Officer)

TITLE PRESIDENT/CEO

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO. _____ DATED _____

Community, Town or City

P.S.C. KY. NO. _____

Original SHEET NO. 39

Owen Electric Cooperative, Inc.

CLASSIFICATION OF SERVICE

(Over)/Under Recovery =

6-months cumulative (over)/under recovery as defined by amount billed by EKPC to Member System minus the amount billed by Member System to retail customer. Over or under recoveries shall be amortized over a six-month period.

BESF = zero

BILLING

The current expense month (m) shall be the second month preceding the month in which the Environmental Surcharge is billed.

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(Signature of Officer)

TITLE PRESIDENT/CEO

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO. _____ DATED _____

FOR ENTIRE TERRITORY SERVED

Community, Town or City

P.S.C. KY. NO. _____

Original SHEET NO. 123

Salt River Electric

CLASSIFICATION OF SERVICE

RATES SCHEDULE ES – ENVIRONMENTAL SURCHARGE

AVAILABILITY

In all of the Company's service territory.

APPLICABILITY

This rate schedule shall apply to all electric rate schedules and all special contracts with rates subject to adjustment upon the approval of the Commission.

RATE

$$CES(m) = ES(m) - BESF$$

where CES(m) = Current Month Environmental Surcharge Factor
ES(m) = Current Month Environmental Surcharge Calculation
BESF = Base Environmental Surcharge Factor

$$ES(m) = \frac{[(WESF) \times (\text{Average of 12-months ended revenues from sales to Member System, excluding environmental surcharge}) + (\text{Over}/\text{Under Recovery})]}{[\text{Average of 12-months ending Retail Revenue (excluding environmental surcharge)}]} = \text{_____} \%$$

where WESF = Wholesale Environmental Surcharge Factor for Current Expense Month

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ISSUED BY _____
(Signature of Officer)

TITLE PRESIDENT/CEO

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. _____ DATED _____

FOR ENTIRE TERRITORY SERVED

Community, Town or City

P.S.C. KY. NO. _____

Original SHEET NO. 124

Salt River Electric

CLASSIFICATION OF SERVICE

(Over)/Under Recovery =

6-months cumulative (over)/under recovery as defined by amount billed by EKPC to Member System minus the amount billed by Member System to retail customer. Over or under recoveries shall be amortized over a six-month period.

BESF = zero

BILLING

The current expense month (m) shall be the second month preceding the month in which the Environmental Surcharge is billed.

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Month / Date / Year

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(Signature of Officer)

TITLE PRESIDENT/CEO

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO. _____ DATED _____

FOR ENTIRE TERRITORY SERVED

Community, Town or City

P.S.C. KY. NO. _____

Original SHEET NO. 63

Shelby Energy Cooperative, Inc.
Shelbyville, Kentucky

CLASSIFICATION OF SERVICE

(Over)/Under Recovery =

6-months cumulative (over)/under recovery as defined by amount billed by EKPC to Member System minus the amount billed by Member System to retail customer. Over or under recoveries shall be amortized over a six-month period.

BESF = zero

BILLING

The current expense month (m) shall be the second month preceding the month in which the Environmental Surcharge is billed.

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(Signature of Officer)

TITLE PRESIDENT/CEO

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO. _____ DATED _____

P.S.C. KY. NO. _____

Original _____ SHEET NO. T-21 _____

SOUTH KENTUCKY R.E.C.C
SOMERSET, KENTUCKY 42501

CLASSIFICATION OF SERVICE

RATES SCHEDULE ES – ENVIRONMENTAL SURCHARGE

AVAILABILITY

In all of the Company's service territory.

APPLICABILITY

This rate schedule shall apply to all electric rate schedules and all special contracts with rates subject to adjustment upon the approval of the Commission.

RATE

$$CES(m) = ES(m) - BESF$$

where CES(m) = Current Month Environmental Surcharge Factor
ES(m) = Current Month Environmental Surcharge Calculation
BESF = Base Environmental Surcharge Factor

$$ES(m) = [((WESF) \times (\text{Average of 12-months ended revenues from sales to Member System, excluding environmental surcharge})) + (\text{Over/Under Recovery})] \text{ divided by } [(\text{Average of 12-months ending Retail Revenue (excluding environmental surcharge)})] = \underline{\hspace{2cm}} \%$$

where WESF = Wholesale Environmental Surcharge Factor for Current Expense Month

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(Signature of Officer)

TITLE PRESIDENT/CEO

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO. _____ DATED _____

FOR ENTIRE TERRITORY SERVED

Community, Town or City

P.S.C. KY. NO. _____

Original SHEET NO. T-22

SOUTH KENTUCKY R.E.C.C.
SOMERSET, KENTUCKY 42501

CLASSIFICATION OF SERVICE

(Over)/Under Recovery =

6-months cumulative (over)/under recovery as defined by amount billed by EKPC to Member System minus the amount billed by Member System to retail customer. Over or under recoveries shall be amortized over a six-month period.

BESF = zero

BILLING

The current expense month (m) shall be the second month preceding the month in which the Environmental Surcharge is billed.

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TITLE PRESIDENT/CEO

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. _____ DATED _____

FOR ENTIRE TERRITORY SERVED

Community, Town or City

P.S.C. KY. NO. _____

Original _____ SHEET NO. _____

Taylor County Rural Electric Cooperative Corp. _____
(Name of Utility)

CLASSIFICATION OF SERVICE

RATES SCHEDULE ES – ENVIRONMENTAL SURCHARGE

AVAILABILITY

In all of the Company's service territory.

APPLICABILITY

This rate schedule shall apply to all electric rate schedules and all special contracts with rates subject to adjustment upon the approval of the Commission.

RATE

$$CES(m) = ES(m) - BESF$$

where CES(m) = Current Month Environmental Surcharge Factor
ES(m) = Current Month Environmental Surcharge Calculation
BESF = Base Environmental Surcharge Factor

$$ES(m) = [((WESF) \times (\text{Average of 12-months ended revenues from sales to Member System, excluding environmental surcharge})) + (\text{Over/Under Recovery})] \text{ divided by } [(\text{Average of 12-months ending Retail Revenue (excluding environmental surcharge)})] = \underline{\hspace{2cm}} \%$$

where WESF = Wholesale Environmental Surcharge Factor for Current Expense Month

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(Signature of Officer)

TITLE PRESIDENT/CEO

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO. _____ DATED _____

FOR ENTIRE TERRITORY SERVED

Community, Town or City

P.S.C. KY. NO. _____

Original _____ SHEET NO. _____

Taylor County Rural Electric Cooperative Corp.

(Name of Utility)

CLASSIFICATION OF SERVICE

(Over)/Under Recovery =

6-months cumulative (over)/under recovery as defined by amount billed by EKPC to Member System minus the amount billed by Member System to retail customer. Over or under recoveries shall be amortized over a six-month period.

BESF = zero

BILLING

The current expense month (m) shall be the second month preceding the month in which the Environmental Surcharge is billed.

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